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Editorial Comment

July, 1937

NATIONAL MUNICIPAL REVIEW

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Cincinnati Again Calls Colonel Sherrill

COLONEL CLARENCE O. SHERRILL has returned to the office of city manager of Cincinnati. By unanimous vote the council invited him to come back to the city which he helped lift from the depths of municipal degradation in 1925 to one of the outstanding examples of efficient municipal administration in the country at the time of his resignation to enter private life in 1930.

In his return to the public service, Colonel Sherrill voluntarily gave up a $50,000 a year job as president of the American Retail Federation for a position paying $25,000 a year as city manager. Such action marked a distinct reversal from the usual trend in American politics, where men of qualification and ability frequently have left the government service for more attractive offers in private enterprise.

What prompted this unique departure from precedent can best be told by Colonel Sherrill himself. Commenting upon his recent resignation he said: "As important, as profitable, and as interesting as my present connection with the American Retail Federation is, the conditions in Cincinnati are such as to lead me to accept with pleasure the appointment as city manager, feeling that it opens a great field of public service in helping to carry on, and possibly improve, the splendid record of achievement of the council-manager plan there in the past eleven years.

"Since Cincinnati is the largest city in the country having the city manager plan, I consider it of vital importance to good municipal government throughout the country that this particular effort shall not fail.

"It is my feeling that good government at Washington and in the states depends perhaps more on the spread of good government in the municipalities than on any other one factor. Since more than 60 per cent of the population of the United States are in municipalities, it is evident that the character of local government will have a controlling influence on the type of state and national government that we are to have in the future.

"In order to have good municipal government, it is vital that the administrative service shall be operated throughout on the merit system, free from political or party influence and from other control than the control of the city council through legislation on matters of important policy. In this particular the city of Cincinnati is exceedingly fortunate in that it has had for more than eleven years a city government under which the merit system has operated effectively and to the satisfaction of all parties, I think, and all civic

groups. It was the system that prevailed during my first term as city manager and it will certainly be carried out in spirit and to the letter during my term as city manager to which I was chosen last week by the unanimous vote of the city council.

COLONEL C. O. SHERRILL

"Another important element in successful municipal government is the keen interest of all the citizens in securing high type councilmen and in insisting upon efficient, honest, and progressive municipal administration. In this respect Cincinnati has been outstanding.

"At the present time there are in the United States 457 municipalities under the city manager form of government, and the type of government in these municipalities is, on the average, far above that in the various other forms, such as the mayor-aldermanic type. This is a good sign, as it indicates that the public are beginning to realize that service in the administrative branch of the municipal government is a high profession, worthy of the best efforts of the young people now entering into life from our educational institutions."

Colonel Sherrill, 61, West Point honor graduate, army engineer, chief of staff 77th Division at the end of the war, is no stranger to readers of the REVIEW. After the war he served as military aide to Presidents Harding and Coolidge—was superintendent of parks and buildings in Washington, D. C., when called to Cincinnati in 1925 to be its first city manager. Cincinnati had been the victim of a terrible fleecing by its good-humored absentee boss, "Rud" Hynicka, proprietor of the Columbia Burlesque theatre in New York. The machine had been relentless in its exploitation of the "Queen City." The arrival of Colonel Sherrill on January 1, 1926, began a new era in the political life of Cincinnati. A complete physical regeneration took place. Colonel Sherrill accomplished engineering feats which were visible to the eye and easy on the pocketbook. The tax rate in 1930 was the lowest for cities of comparable size in the nation. He built up morale, gave real meaning to the words honesty and integrity in the administration of city affairs. He demonstrated the workability of the city manager plan.

Possessed of all the charm and poise characteristic of his native south, Colonel Sherrill made friends easily. He was respected and increased his popularity by buying a home in Cincinnati. He continued to live there after his resignation in 1930 to become vice-president of the Kroger Grocery and Baking Company. Colonel Sherrill said he was "homesick" when asked

why he was returning to Cincinnati and public life. The NATIONAL MUNICIPAL REVIEW hopes that this nostalgia spreads and impels others of noteworthy qualifications to assume positions of leadership in grappling with problems of bettering city and local governments.

County Manager Plan Triumphs

THE REVIEW offers congratulations to Henrico County, Virginia, for its decision, by a vote of 2,886 to 2,263, to continue under the county manager plan.

Victory came after a heated pre-election campaign which brought out on June 29th the largest vote in the history of the county, even surpassing by almost five hundred votes the presidential poll. The size of the vote (5,149) is of particular significance as an answer to those who say there is no interest in local government.

The importance of maintaining continuous, effective leadership by independent citizens is convincingly illustrated by the Henrico result.

Without the alert action of the Henrico Citizens' League, the old line political forces might have wiped out the margin which kept alive the manager plan. Opponents of the existing regime had the advantage of a misleading ballot which curiously enough was so worded that in order to vote for the retention of the manager plan the voter struck out the word "for." Veteran spoilsmen paraded under the guise of the "Good Government Association." And they sought to capitalize upon public apathy in an off-election year. They also were unencumbered by seventeen strong indictments from the state auditor which blasted them out of office in 1933.

Success in the face of these difficulties reflects credit upon the energy and interest of the Henrico Citizens' League. It is an example well worth observing by counties bowed down with financial distress and antiquated administrative machinery. The whole movement for better government throughout the country should receive renewed inspiration from this triumph.

P. R. Windmills

AS WAS anticipated, proportional representation has been constantly under fire in New York City ever since its adoption by popular referendum last fall. Attacked repeatedly in the courts and finally upheld by the highest tribunal in New York State, P. R. now finds itself sniped at on the ground that it is administratively unworkable in New York City.

The NATIONAL MUNICIPAL REVIEW concedes that opinions may differ upon the ultimate results to be gained under a system of proportional representation; we concede that under this method of counting the votes the citizen may not know for a few days the outcome of the election; we even concede that the count is somewhat difficult for a beginner to understand; but even the most ardent opponent of P. R. who is a student of the subject would hardly have the temerity to challenge it on the basis of unworkability.

The fact that many of the large

(Continued on page 380)

Federal Assistance to Municipal Recovery

During the three years 1934 to 1936 the federal government contributed nearly seven billion dollars to local government treasuries

WYLIE KILPATRICK *Washington, D. C.*

FEDERAL policy affecting local public credit and finance is not confined to the instruments of borrowing and debt regulation analyzed in the preceding issue of this magazine. Local credit has been more affected by the national relief and public works programs. Since borrowing is the device to finance these programs, especially invoked during the depression, both local and federal credit were significantly molded by the emergency programs. The national-local action can be expressed in terms of functional services, budgetary operations, or economic recovery. These categories are helpful in explaining the impact of federal public works and relief upon local credit and financial administration.

If federal loans and grants were a direct pulmotor to private enterprise, amounting to eleven billion dollars for the three years 1934 to 1936, federal financing was no less indispensable to local budgets and indirectly to private enterprise. The aggregate total of public works funds disbursed and relief and work relief funds allocated was not far from nine billion dollars during the three-year period ($8,895,000,000). To state the outlays for local governments as distinct from total outlays is difficult but an approximation is possible. From the total may be deducted the PWA expenditure for federal and state projects, state highway aid, and the operating and maintenance costs of CCC camps. The resulting total of $6,795,000,000 either substituted for expenditure from local government treasuries or directly affected functions normally paid for locally.

Possibly the one best index of federal financing, consisting entirely of grants except for PWA loans, is the ratio of federal aid to the public revenue. Combining the revenue of the state and all subdivisions in a single amount for each state, since the merger overcomes the varying state-local allocation of affected functions, the table below summarizes the ratios of national aid to the revenue of local and state governments. The revenue figures, reported for 1932 by the census bureau, are available for all public units for no other year. The computed ratios do not mean that federal funds furnished the specified proportions of state and local revenue. Much of the aid, disbursed federally, never passed through state and local treasuries. Federal financing, nevertheless, substituted for local and state revenue.

The readiest measure of the degree of federal assistance to local finance is the percentage of the combined local and state revenue in each state which came from the federal government. This proved to be an average of 15 to 20 per cent of revenues in 1933-34 and 25 to 30 per cent in the two years of 1934-35 and 1935-36. So widespread is the

FEDERAL FINANCING OF LOCAL RELIEF AND PUBLIC WORKS[a]

Agencies	1933-34	1934-35	1935-36
FERA (allotted)	$1,826,781,270	$1,841,412,464	$ 422,574,554
CWA (allotted)	805,685,327	.....	.....
WPA (allotted)	.....	.....	1,841,463,546
CCC (labor remittances)	100,355,740	122,696,920	145,680,480
Bureau of Public Roads (municipal emergency)	16,707,715	87,055,580	46,093,955
PWA (local disbursements)	73,636,370	182,631,542	378,005,302
Social Security (February-June, 1936)	.....	.....	31,290,418
Total	$1,727,705,252	$2,234,976,933	$2,863,342,525

[a]These data, computed from the records of the respective agencies, report expenditure for the PWA, CCC, and the Bureau of Public Roads, while allotments are presented for the FERA, CWA, and WPA. Expenditure more closely gauges the immediate effect of the former agencies for which a time lag occurs after allotments in contrast to the latter group for which the time lag is not so pronounced. Instead of the total federal aid to highways, the report is restricted to aid of municipal and county roads by the emergency agencies and to emergency municipal disbursements by the Bureau of Public Roads. Instead of total CCC expenditures, the report is restricted to estimated labor payments that substituted for relief aid by localities. The RFC loans to self-liquidating enterprises, not bulking large, are omitted because many allotments were before July 1, 1933, and the greater part of all of them were either to special districts or to private enterprise. Social security expenditure is included for the initial five months (February-June 1936) because the federal aid, even though paid to states, partly supplemented local funds. Federal security aid for 1936-37 is estimated to be $177,300,000.

popular impression that federal aid had taken over local functions and finances that the actual ratios puncture the illusion when the entire operations are viewed. That the aid was substantial for the large majority of states is disclosed by reference to the table below.

RATIOS OF FEDERAL AID FOR RELIEF AND PUBLIC WORKS TO STATE AND LOCAL REVENUE OF EACH STATE

Percentage Groups	Number of States[a] in Each Group 1933-34	1934-35	1935-36
10.1—15%	11[b]	5[b]	2
15.1—20%	11	6	5
20.1—25%	10	9	7
25.1—30%	6	10	11
30.1—35%	7	5	7
35.1—40%	1	6	9
over 40%	3	8	8

[a]Including the District of Columbia.
[b]Including Delaware at 7.7 per cent.

States like the Dakotas, receiving the equivalent of more than 40 per cent of their revenues, were virtually dependent upon federal aid to prevent collapse. Only to a less degree were communities assisted in the states obtaining amounts equal to more than 30 per cent of their revenues. The number in this class increased from eleven states in 1933-34 to nineteen states in 1934-35 and twenty-four states in 1935-36. The figures for 1936-37 when reported will probably reveal a slight recession below 1935-36 but above 1934-35.

How indispensable federal aid was to local budgets and to the recovery of municipal credit may be measured in other ways. Municipalities either insolvent or approaching insolvency because of declining revenues were aided where the assistance was most direct and specific in nature by the federal assumption of the larger share of relief costs. Of the four and a half billion dollars for emergency relief from January 1933 through August 1936, approximately $2,932,000,000 or 66 per cent came from national funds, $728,000,000 or 16 per cent from state funds, and $807,000,000

or 18 per cent from local funds. Under the WPA the allocation of $2,920,000,000 by September 30, 1936, was even larger nationally in the federal payment of $2,642,000,000 and the local payment of but $378,000,000.

Obscured by general allotments, the urban implication is indicated by the apportionment of $2,070,000,000 or 41 per cent of all funds of the FERA, CWA, and WPA during the years 1933-1936 to the counties in which the fifty largest American cities are located. Specifically disclosing the effect on municipal governments is the FERA record in the ninety-three largest cities. Of the $1,902,000,000 of relief funds under this agency, the federal contribution was $1,367,000,000 or 72 per cent, the state aid was $192,000,000 or 10 per cent, while the cities themselves supplied $344,000,000 or 18 per cent. The urban character of the relief problem and the consequent federal aid to cities is again revealed by the concentration of 55 per cent of WPA outlays in six urban states and New York City. That city alone absorbed 14 per cent of all WPA expenditures.

FINANCING PUBLIC WORKS

Parallel with the record of financing relief and the preservation of local solvency has been the accompanying record of financing public works, which has obviously depended upon the maintenance of local credit. The initial public works chapter, formed by the RFC experience, cannot be judged outside the context of the period of 1932-33 when the RFC was authorized to lend to local units. That experience proved that at least at the depth of a depression a system of grants and moderate interest rates must be coupled with loans to induce local coöperation in a national public works program. Restriction of loans to self-liquidating projects eliminated loans based on tax or general revenues and thwarted the desired increase in the volume of spending.

Oft-mentioned as are these vitiating characteristics of the RFC, less well known are the administrative results consequent to its operations. By June 30, 1936, the RFC had authorized loans to public and private self-liquidating enterprises to the extent of $349,700,000, $221,400,000 being disbursed. The repayment of $52,900,000 reduced the total obligations to $168,500,000. After deducting cancellations, the total authorizations are resolved into three classes, indicating the character of the actual operations: (1) private loans $15,400,000, (2) municipal loans $39,600,000, and (3) other public loans $259,000,000. Only two municipal purposes were served by loans of any consequence. Fifty municipalities made up the list of water loans for $18,900,000; and one city, Los Angeles, obtained a power loan for $22,800,000.

The predominating loans to other public bodies meant loans to special districts; and these transactions, in turn, meant loans largely to three districts: $148,500,000 to the Metropolitan Water District of Southern California, $71,400,000 to the Toll Bridge Authority of San Francisco, and $13,000,000 to the New Orleans Belt Railroad Bridge. With loans to three districts constituting well over two-thirds of all credit transactions, the need for planning public works among all communities and prearranging credit machinery is emphatically underlined. This conclusion is reinforced even in the limited field in which the RFC was operative. The two newer social functions of housing and power, later developed by other agencies, each received a total of two loans from the RFC.

The PWA affords a record not of a single program but of multiple programs

somewhat obscured by the difficulty of tracing allotments. Of the total of $4,449,000,000 of funds originally allotted to the PWA, $1,251,000,000 were re-allotted to other agencies, $1,557,000,000 were absorbed by federal projects, $136,000,000 were grants to federally built housing projects, $201,000,000 were railroad loans, and $58,000,000 were for the TVA and other federal purposes. The net result was that local and state construction received an allotment of $1,246,000,000 in about three years. The fair conclusion is that important as was the entire PWA record as a necessary part of the recovery program, and vital as was the local phase, the PWA is significant locally as an experiment in the scheduling and financing of public works. The PWA is valuable chiefly as a large-scale and nation-wide demonstration in national-state-local coördination and in the devices necessary for its initiation and trial.

PROJECTS FINANCED BY LOANS

The functional emphasis in the allocation of local loans and grants is relevant to the municipal use to which PWA funds were put. Of the billion and a half dollars allocated by November 30, 1936, not far from a third was allocated to buildings ($452,000,000) costing $860,000,000. The reservation of $298,000,000 for educational buildings resulted in construction to the value of $550,000,000. Large urban and small rural units shared alike in this use, the most important functional development of the PWA. The function usually second in rank, highways, received almost one-fifteenth of the funds ($99,000,000), but the larger share was absorbed by states and rural units. Municipal functions were amply recognized in the second and third largest allocations by the apportionment of $227,000,000 to sewer systems and $114,000,000 to water systems. Large sums were expended for bridges, subways, and tunnels, the disbursements being to a relatively few large units like the New York City systems. A number of the newer social functions received comparatively small sums. Recreation was aided by the work relief agencies, not by PWA. The difficulties of undertaking grade crossing elimination required a special program through the Bureau of Public Roads.

Grade crossings are illustrative of the obstacles impeding the scheduling of newer functions with an uncertain legal status and outside the orbit of the usual local budget. Despite repeated blocking by legal rulings or the lack of administrative machinery, housing received its most important American stimulus by allotments of $11,000,000 for seven limited dividend projects and of $136,000,000 for fifty-one federally-built projects demonstrating modern housing throughout the country. The PWA electric power program has been so darkened by misinformation, not to mention court litigation, that the salient characteristics are beclouded. In over three years, $72,000,000 were allotted to 260 public power projects. Municipalities obtained by far the largest number of allotments, 225, but the amount was less than half, $33,000,000. The thirty-five allotments to other public bodies claimed $39,000,000.

New municipal projects were fewer in number but received over twice the amount for existing plants. The thirty-three new city projects were allotted $22,000,000, while the 132 additions or replacements were allotted $11,000,000. The PWA allotment was characteristically to small electric plants: sixty-seven were of less than $10,000, ninety-three projects obtained $10,000 to $100,000, and only seven were allotted over $1,000,000. Aside from the fact

that the public plant usually is owned by a small city, another explanation of the relatively small allotments is that sixty-three projects were for uses by the municipal governments, although 162 involved use by resident consumers. Large power developments took the natural form of aid to special districts and authorities, which in turn will sell power to municipalities. Three large projects in Nebraska may be inter-connected and will be able to supply power to virtually all of the Nebraska market.

DEVICES FOR COOPERATION

No less significant to local government, as well as to its future federal relations, were the administrative devices employed to create national-local coöperation. That the extension of grants successfully enlisted local support and caused a large flow of applications is obvious. Less well recognized is that the grant system was successful in spreading public works costs. Federal grants of $725,000,000 were accompanied by loans of $578,000,000 and the local provision of $901,000,000 for projects costing $2,205,000,000; that is, federal grants of $725,000,000 induced local outlays of $1,479,000,000, each federal dollar roughly calling for two local dollars. The record is impressive in demonstrating the feasibility of financing a large-scale program by a sharing of costs. Local units quickly evidenced a desire to coöperate without excessive subsidization. Of the 1935 and 1936 bond elections, 2,166 resulted in votes favorable to PWA borrowing and in only 447 cases were the bonds rejected.

Impediments to national-local coöperation slowing down action, which are likely in a program of heavy construction, can conveniently be analyzed according to a case examination of delays. The main reasons for the failure to begin construction in the analyzed cases were: (1) time consumed in amending applications to conform with PWA regulations; (2) administrative delays because of lengthy procedures or failure to draft bond or financing measures and to acquire land or property; (3) financial handicaps because of proximity to debt limits or other causes; (4) plans and specifications requiring revision because of engineering flaws; (5) incomplete bond transcripts; (6) awaiting court decisions or legislation needed to permit construction; (7) projects awaiting elections to authorize bond issues; (8) lack of familiarity with coöperative action so that one or more divisions, national, state, or local, delayed the necessary joint action.

An analysis of this nature is not a post mortem but was employed during the process of administration to ferret out obstacles and to speed up the program. Here is the genesis of the PWA recommendations for bond and debt legislation, adopted in whole or in part by all except two states, authorizing revenue bonds and special authorities, validating the defects in issued bonds, and simplifying the borrowing procedure. The administrative technique of the PWA shifted from centralization to decentralization. Around the office of each state PWA engineer was built a cohesive staff, comprising complements of engineers, lawyers, finance examiners, and auditors. "As the program developed," declared Administrator Ickes, "the advantages of decentralization became apparent. Decentralization has enabled the PWA staff to maintain close coöperation with the applicants and has resulted in a tremendous increase in the speed with which the PWA has been able to operate." During the twelve months prior to decentralization, four thousand local applications were examined and approved; the same number of

contracts were drawn during the two months following decentralization.

The character of the previously stated reasons for delay points to the obstacles to be eliminated by a planned and coordinated organization that anticipates obstacles to construction. The lack of municipal familiarity with advance planning of public works and the consequent faulty applications can be overcome as planning techniques are incorporated into all levels of government. Quickly perceiving the need for planning, the PWA in 1933 instituted the National Planning Board, which later was converted into the National Resources Committee representing various federal agencies. In stimulating state planning by fostering the creation of state boards in all but one state and in continuous assistance to state and local planners through consultants attached to these boards, the framework for intergovernmental planning has been established. Repeated inventories of public works, looking toward local and state habitual use, are familiarizing public officials with the tools for advance planning.

With the creation of a planning framework, the question arises of national-local administration of public works for prosperous periods as well as depression years. The previous sentence would be in error if the separation of prosperous and depression periods would terminate all federal relation to local construction and credit during prosperous years. For activity during a depression is contingent, as recent years have only too amply proved, upon prior planning and continuous machinery. President Roosevelt's recommendation for setting up a department of public works will, if adopted, provide a continuous organization within which a local credit policy may be matured. The approaching end of the PWA program should not be allowed to sacrifice the constructive values to localities of a national credit policy in acting as a regulator of credit and in setting standards for the use of credit and construction of public works. Necessary as are restrictive regulations of borrowing, the positive regulation of the use of credit through a credit agency results in improved standards in a way that no restrictions can attain.

MULTIPLE USES OF WORK RELIEF

Concurrently with the PWA has been administered a series of work relief programs devoid of any direct local borrowing but exercising a pronounced effect on local credit and finance. Indeed the entire structure of the welfare function has been revolutionized. Relief of destitution at the beginning of the depression was largely confined to local private or public charitable agencies. Innumerable "drives" gathered funds for doles to the poor or for promiscuous work relief jobs. The concepts of the Elizabethan poor laws prevailed. Following federal loans by the RFC in 1932 and grants by the FERA in 1933, the national government assumed a large measure of responsibility for relieving unemployment. Under the social security act, the nation participates with state and local governments, not to relieve cyclical unemployment but to care for specific categories of the needy and disabled.

From the dole and commissary relief the progression has been through early work relief to complete work relief with higher pay and living standards and assistance to a wide range of public services. The profound evolution in local as well as national policy is likely to continue even when the temporary relief agencies are displaced by a permanent organization more specifically allocating functional responsibility among governmental levels. Local welfare organization has been improved and local person-

nel is now well trained, using better administrative techniques, in contrast to the well intentioned but often inadequately trained workers of earlier years.

Important as was federal aid in relieving localities of a large share of the cost of their destitute populations, the result was equally significant in the maintenance of local services. The mounting stringency of local finance from 1929 to 1933 necessarily curtailed many public services. A cessation occurred even in the ordinary and normal upkeep and repair of municipal property. Continued neglect of these services and properties would have hastened obsolescence and permanently impaired the local services of public works, education, health, and safety. When falling tax receipts often made neglect unavoidable, federal work relief filled a serious gap in municipal finance to prevent the costly deterioration of properties and services. Of the WPA projects selected for operation (through September 30, 1936), the total estimated cost of the 37,913 projects for repair and improvement was $1,121,000,000 in comparison to 33,937 projects for new construction costing $832,000,000.

Restated, 43.3 per cent of all WPA projects was for repairs and improvements, 32.2 per cent was for new construction, and 24.5 per cent was for current public services or for projects outside of government. The emergency programs, accordingly, not only aided communities in arresting deterioration of property but enabled them to expand the boundaries of local functions. The expansion was both in familiar services and in fields that previously had received slight local attention. Highway construction and repair exemplifies the familiar services. Previously underfinanced or receiving scant support are the newer activities in recreation, public health, conservation, adult and other education, arts, and research. Federal work relief in these and other functions invites mention of illustrative items that are challenging in the significance of service rendered.

> Roads of 221,860 miles improved and 48,302 miles newly constructed by FERA; and 120,002 miles improved and 44,918 miles newly built by WPA;
>
> CWA expenditure of $934,000,000 in the winter of 1933-34, giving work relief at the peak to 4,269,000 persons;
>
> Pre-CWA employment in 1933 of two million persons;
>
> FERA construction of 1,530 new school buildings and improvement of 31,418 buildings; and WPA erection of 1,878 new schools and repair of 11,764 existing buildings;
>
> Education of 1,825,000 students and employment of 41,101 teachers by WPA;
>
> Recreation allotments of $315,000,000 by WPA for 6,600 projects and the employment of 37,000 leaders for community recreation;
>
> Annual employment of 12,000 to 20,000 for public health services reaching millions in nursing visits, examinations, and corrections; and
>
> Educational aid extended by the NYA in a typical month to 275,200 high school students and 130,000 college students.

The significance of the foregoing and other services is not limited to buttressing the foundation of local functions but comprises stimulation to public and private construction. So much has been discussed concerning this subject and so inconclusive are reports of individual activities that a composite picture is indispensable to put the actual record into focus. Instead of a report solely of federal construction or aid by the PWA, the WPA, or other agencies, the entire record requires tracing for a program in which each agency played a related part.

The salient feature of the record from the standpoint of this analysis is the federal aid to local and state public

works and the effect of this construction upon the total volume of public works. Local and state construction had a predepression peak in 1930 of $2,431,000,000, which was financed by $2,335,000,000 of local and state funds augmented by $96,000,000 of federal funds. The precipitous decline in local and state funds to $1,053,000,000 in 1933 resulted in the ebb point of construction despite the increase of federal funds to $430,000,000 (largely highway aid and the first part of CWA). The next year, the CWA and FERA greatly augmented aid to localities, while the PWA federal program went into effect.

The year 1934 marked the turning point even though local funds reached their lowest mark. Beginning in 1934, state and local construction resumed the pre-depression level, except in comparison with 1930. By 1936, the previous peak year of 1930 was exceeded by $913,000,000 to reach a new peak of $3,344,000,000 in local and state construction. To that end, both federal funds and local or state funds each advanced over a half billion dollars above 1934 contributions. A comparison of the columns of total local and state funds and total public construction measures the construction for federal projects. Adding federal to local and state public works, the resulting total public construction constituted the one positive force to change the declining tide in the construction industry.

Private construction, falling from $8,576,000,000 in 1928 to $1,175,000,000 in 1933, has mounted not far from 200 per cent during the past three years. Yet the 1936 private construction of $3,001,000,000 is encouraging only relatively to the worst depression period and not in comparison with earlier years. In essence the deflationary forces, characterized by the marked decline in capital outlays, local pressure for reduced taxes, and stringency in the bond markets, were checked and reversed. The controlled credit inflation restored local and state construction to the pre-depression level, permitted larger federal construction, and stimulated the resumption of private construction.

TOTAL CONSTRUCTION, 1928-1936
(millions of dollars)

Year	Local and State Construction			Total Public Construction (Includes Federal)	Total Private Construction
	Local and State Funds	Federal Grants and Loans	Total Available Funds		
1928	$2,206	$ 81	$2,287	$2,484	$8,576
1929	2,100	77	2,177	2,415	7,751
1930	2,335	96	2,431	2,725	5,379
1931	1,997	163	2,160	2,512	3,422
1932	1,403	107	1,510	1,878	1,411
1933	1,053	430	1,483	1,824	1,175
1934	731	1,430	2,161	2,712	1,363
1935	1,009	1,058	2,067	2,616	1,982
1936	1,298	2,046	3,344	3,933	3,001

ADVANCED PLANNING NEEDED

In long-time administrative values, the recovery agencies were replete with examples of the need and benefit of advance planning of public works and of construction not by itself but in relation to other functions. The examples are not merely of future planning to be pigeonholed for possible reference but of planning that was put into effect. The early work relief was acceptable

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The Development of Interstate Government

Thirty-three interstate coöperation commissions have been established to handle those governmental problems outside the jurisdiction of the federal government

HUBERT R. GALLAGHER

District Representative, The Council of State Governments

With the Court issue still before the country and that in turn revolving around the related question of federal centralization versus states' rights, both parties to the debate might temporarily forsake oratory and examine a significant development of the past two years, namely, the establishment of commissions on interstate coöperation by the state legislatures. These commissions are generally composed of fifteen members: five members of the senate, five members of the house, and five officials, usually cabinet members, appointed by the governor. The commissions which are participating as members in the Council of State Governments are primarily concerned with those governmental problems over which the federal government has no jurisdiction, problems which cannot be adequately handled by one state alone and which require the coöperative legislative and administrative action of other states.

Two years ago at this time coöperation commissions existed only in New Jersey and Colorado—two thousand miles apart. Today, thirty-three states have commissions, and it is expected that at least three additional state legislatures will form commissions during their present sessions. This is of interest because the ground work is now being laid for unified national action looking to a solution of some of the complicated economic problems facing the country.

The action of the recently adjourned New York legislature in continuing its Joint Legislative Committee on Interstate Coöperation for the third successive year—financed by an appropriation of $30,000, twice that of last year—is another indication of the importance of this movement in ameliorating the confusion and conflict in the laws and administrative practices of the states.

The reason for confidence in the future of the coöperation commissions is found in their success of the past two years. Especially is this true in the eastern region where the record of accomplishment of three of the commissions, those of New York, New Jersey, and Pennsylvania, is particularly bright. If there is a tendency to emphasize the work of the commissions in the New York area, to the exclusion of the work done by other such groups, it should be remembered that as pioneers in this movement of the Council of State Governments they have set the pace. Obviously the next two or three years will see the results of the work in this area spread to other sections of the country. Consequently it is probable that the uniform laws, model regulations, and interstate compacts covering such subjects

as liquor control, conservation, water resources, highway safety, and crime control, which have been enacted in this section, will be adopted by other legislatures throughout the country as a result of the action of their coöperation commissions.

HIGHWAY SAFETY

Highway safety is one of the subjects with which the coöperation commissions have been concerned. For the second consecutive year the commissions of seven eastern states met with motor vehicle and highway officials to consider highway safety legislation. Of course, it is necessary to point out that by the enactment of the federal motor carrier act many of the highly controversial subjects pertaining to highway regulation were turned over to a bureau of the Interstate Commerce Commission for solution. The regulation of private and contract carriers, the weights and dimensions of vehicles crossing state lines, and restrictions on the hours of drivers are some of the regulatory headaches ducked by the states. As a result of these conferences, however, uniform state legislation was recommended which would implement or parallel the federal motor carrier act and thus make its requirements apply locally.

Statutes requiring the reciprocal reporting of accidents and violations between states and legislation ordering the compulsory instruction of highway safety in the schools were enacted in New York and other states as a result of these conferences.

HOUSE TRAILERS

With nearly two million people now living in three hundred thousand trailer homes and sixty thousand trailers being purchased every year, it is readily apparent that uniform legislation and rules are necessary to cope with the problems arising out of the advent of the house trailer.

In his opening address at the second regional highway safety conference, Harold C. Ostertag, chairman of the New York Joint Legislative Committee on Interstate Coöperation, urged caution in approaching these questions and counselled the conferees against returning to their states and introducing a hodge-podge of trailer legislation drafted hastily without consideration as to what other states are doing. Following this advice, the conference accepted a report of its committee on house trailers which called attention to the lack of basic information on the many phases of the trailer problem and recommended that a study be made of such phases of the problem as registration, taxation, safety, sanitation, and reciprocity. Significantly, the conference urged the states to delay adoption of regulatory legislation "until uniform measures can be worked out." As a result, practically no trailer legislation was introduced in the legislatures of those states represented at the conference.

The New York legislature similarly recognized the necessity of an interstate approach to the house trailer problem when it adopted a resolution asking the Joint Legislative Committee on Interstate Coöperation to undertake with the Council of State Governments a study of uniform legislation and rules regulating trailers. The district secretariat of the Council of State Governments and the staff of the New York Joint Legislative Committee on Interstate Coöperation are at present making a preliminary survey of the problem.

The importance of delaying the enactment of confusing trailer legislation in the different states until some uniform regulations are accepted cannot be exaggerated. If similar commissions had been functioning before the present

complicated and confusing set of highway codes, tax laws, and liquor regulations were enacted, the lives of our legislators and incidentally of many of our citizens would be much happier.

LIQUOR CONTROL

Since the repeal of the eighteenth amendment, the regulation of the sale and importation of alcoholic beverages has been thrown back on the states with the result that we have nearly as many systems of liquor control as states. To make it worse, each state has seemingly established its own distinct system with little regard for other states. Price wars between states, boundary battles over importation limits, and unregulated marketing of liquor securities of one type or another, as well as the levying of discriminatory taxes on liquor and alcoholic beverages of other states, are a few of the resultant problems.

Some tendency towards uniformity has been secured through the regulations of the Federal Alcohol Administration. These regulations, however, apply only to liquor goods in interstate commerce. For instance, only nine "wet" states have enacted identical labelling laws which require the same standards in the labelling of local liquor products that are required for interstate goods. Some states do not impose labelling requirements. Others, as in the case of New York, impose additional labelling requirements for a variety of reasons.

In view of this and other divergencies, the chairmen of the New York and New Jersey coöperation commissions, with the assistance of the district secretariat of the Council of State Governments, organized a regional liquor control conference. Liquor administrators, coöperation commissioners, and state legislators of Massachusetts, Connecticut, Rhode Island, Pennsylvania, New Jersey, and New York were present. Three model bills relating to importation limits, labelling of products, and the sale of warehouse receipts, drafted by the attorneys of the state liquor authorities of New York and New Jersey, were on the agenda of the conference. Notwithstanding the fact that each state had its individual system of liquor control, the conferees felt that there were certain matters in which a degree of uniformity was desirable. Thus, there was general agreement that some uniform standard could be attained in the matter of personal importation limits. The present variance among the eastern states as to the amount of liquor an individual might bring into the state for personal consumption was resolvable. Tentatively one gallon was agreed upon as a reasonable measure, and a model draft of a statute containing this provision was approved. Later, however, after committee hearings, the measure was amended to read one quart.

As to the problems involved in the regulation of warehouse receipts, the conferees seemed to favor the model act requiring a special license for the

RECOGNITION

"There should be the closest coöperation, also, with the developing state and local agencies in this field, particularly the state, regional, and local planning boards and the commissions on interstate coöperation which work through interstate compacts ratified by the Congress and through interstate administrative arrangements." From the President's Message to Congress on Regional Planning, June 3, 1937.

sale of warehouse receipts upon the storage of alcoholic beverages.

Similarly, it was felt that adequate labelling could be best secured by authorizing the state liquor authorities to promulgate rules and regulations governing the labelling of alcoholic beverages with the condition that they seek to achieve national uniformity in this field as far as possible.

As a result of the conference the cooperation commissions made these model drafts a part of their legislative programs, and it is probable that at the conclusion of the legislative sessions these measures will be on the statute books in a number of eastern states.

CRIME

Probably in no other field has the drive for uniform state action brought better results than in the control of crime. This is evidenced by the success achieved by the coöperation commissions in checking the activity of commuting criminals and the development of large scale racketeering by plugging loopholes in the laws of the states. One of the most effective agencies in this field is the Interstate Commission on Crime which was organized October 12, 1935, through the joint efforts of the New Jersey Commission on Interstate Coöperation and the Council of State Governments. Later in New York City representatives of twenty-six leading law schools met with the commissioners on interstate coöperation as guests of the New York Joint Legislative Committee on Interstate Coöperation. The legislative program developed at these meetings, consisting of model statutes on close pursuit, extradition, removal of witnesses, and parolee supervision, has been adopted by the legislatures of New Jersey, New York, and Pennsylvania. Taking the country as a whole, the Interstate Commission on Crime, composed of representatives of the various coöperation commissions and under the leadership of its chairman, Judge Richard Hartshorne, in the time in which it has functioned has made an unequaled record in securing the adoption of uniform legislative proposals. At present legislation endorsed by interstate commissions on crime is on the statute books of over half of the states.

SOCIAL SECURITY

The widespread adoption of state legislation implementing the social security act left a large number of problems requiring joint state action in its wake. Many of these problems are being worked out through the joint coöperation of the state and federal social security agencies. Alternative techniques of coöperation such as uniform laws and reciprocal agreements have also been discussed as methods for making more effective the social security program. Thus, the passage of a model law governing the transfer of dependents and the settlement of workers by the legislatures of New York and other states at the request of their coöperation commissions sets a precedent for the enactment of future legislation pertaining to the interstate aspects of the social security program. The uniform transfer of dependents act, now in effect in nine states, establishes the machinery for the negotiation of reciprocal agreements governing both the transfer of dependents and settlement of workers.

BANKING

Despite the fact that the field of banking is considered a national problem our dual banking system has contributed many problems which are a subject for joint action between the states and between the states and the federal government. For instance,

the coöperation commissions have suggested amendments which might eliminate certain ambiguities in the state banking laws. Then, too, an effort has been made to eliminate many of the conflicts in the banking laws of the states and the federal government. The conflict between state and federal law regarding the payment of interest on demand deposits is an example.

The competition between the states and the federal government in issuing charters for savings and loan institutions has also resulted in a spirit of antagonism between state and federal authorities. The coöperation commissioners have been concerned especially over the promotional activities of agents of the Federal Home Loan Bank who have not hesitated to enter areas that are adequately served by local institutions in their efforts to charter new banks. The danger here is that there will be a return to that destructive spirit of competition between the state and federal authorities which has been aptly described by some authorities as a competition in laxity. To bring this matter to the attention of federal officials, the New York coöperation committee drafted a resolution memorializing Congress and the federal authorities and urging coöperation between state and federal agencies in the matter of chartering new institutions.

A drive has also been undertaken for the enactment of uniform banking laws. For instance, the New York coöperation committee in its report to the legislature pointed out that since so much of the daily volume of banking business involves transactions between citizens of various states it seems desirable to have as great a degree of uniformity in these matters as possible and for this reason the commission recommended to the legislature the immediate adoption of the uniform fiduciaries act. In this and other fields the coöperation commissions believe that they can "very profitably consider many of the uniform state laws which tend to foster clear and definite rules of law governing banking and commercial transactions." At present, efforts are being made to improve a draft of a uniform bank chartering act, to develop uniform examinations and to consider problems created by the sale of securities by foreign corporations chartered in other states and not subject to the jurisdiction of the Securities and Exchange Commission.

CONSERVATION

Although the coöperation commissions' conservation program centers mainly around the planning activities undertaken by their two regional commissions on the Delaware and the Ohio River basins, nevertheless, a number of conservation bills were introduced as a part of legislation offered by the New York, New Jersey, and Pennsylvania commissions. For instance, the New York joint legislative committee, by the adoption of a formal resolution, went on record favoring a state-federal program for the joint acquisition and administration of wild life refuges, for the undertaking of joint experimental projects, and for the joint stocking of the boundary waters of the state. This resolution has been brought to the attention of the chief of the United States Biological Survey and the Commissioner of the United States Bureau of Fisheries so that negotiations may be undertaken as soon as possible.

The major problem troubling the three states in their relations with each other in regard to wild life conservation is the management and policing of boundary areas and particularly of boundary waters. The coöperation commissions made an effort to secure uniform regulations for the taking of wild life, re-

ciprocal licensing, and joint stocking and policing of these areas. It was felt that it was not necessary, except in unusual cases, to go to the trouble of negotiating compacts between the states involved. It was decided that, under the circumstances, the end could be obtained through reciprocal legislation. Statutes providing for the reciprocal enforcement of violations of fishing laws in boundary waters between New York and New Jersey, and New York and Pennsylvania, as well as legislation relating to taking of fish from the Hudson River, were adopted in New York and Pennsylvania and are scheduled for passage in New Jersey.

PALISADES PARK COMPACT

The outstanding achievement in statesmanship of the New Jersey and New York commissions was the solution of the Palisades Interstate Park impasse. In 1899, in response to a public demand that the natural beauty of the Palisades of the Hudson River be preserved from demolition by quarrymen and other commercial interests, special legislation was passed by the legislatures of New Jersey and New York creating a Palisades Park commission. This legislation provided for the incorporation of two different Palisades Interstate Park Commissions, one in New York and one in New Jersey. The commissions are composed of ten members appointed by the governors with the consent of the senates. Five members of the commissions are required to be citizens and residents of the state of New York and five, citizens and residents of the state of New Jersey. The following paragraphs from the report of the New York Joint Legislative Committee on Interstate Coöperation clearly outline the problem:

> During the past thirty-five years that the commissions have been in existence, they have done a splendid job of administration in so far as park lands under their supervision are concerned. Nevertheless, general feeling has existed that the present system of having two Palisades Interstate Park Commissions is an imperfect method of administration. At one time, due to political exigencies, the governors of New York and New Jersey did not agree on the same appointee and for a period of a year the commission virtually functioned with eleven members.
>
> It seemed to the coöperation committee both reasonable and logical that the activities of these two state boards should be coördinated as one unified commission both to avoid minor and perhaps major difficulties which might arise from time to time, due to the fact that there were really two distinct commissions involved, and also to give permanency to the whole situation.

Legislation was introduced in the 1936 session of the New York legislature providing for an interstate compact between the states of New York and New Jersey setting up an authority, modeled somewhat after the Port Of New York Authority, by the creation of a single interstate commission to manage and operate both the New York and New Jersey sections of the Palisades Interstate Park. Although a companion measure was approved in New Jersey, such strong opposition developed in New York that the bill failed of passage. The matter was kept alive, however, when the legislature requested the Joint Legislative Committee on Interstate Coöperation to investigate and seek a solution of the Palisades Park situation. A hearing was conducted by the Joint Committee on Interstate Coöperation in New York City, November 21, 1936, at the state office building. There were in attendance not only members of the New York and New Jersey state legislatures but also members of the Palisades Interstate Park Commission.

A series of personal conferences were

then instituted with various individuals closely interested in Palisades park affairs in an endeavor to obtain a common viewpoint. Finally, legislation was agreed to which later passed the legislature and was signed by Governor Lehman. This legislation, by providing for the creation by interstate compact of the Palisades Interstate Park Commission as a joint corporate instrumentality for the states of New York and New Jersey, brought to a successful conclusion a problem which had evaded solution since the start of the century.

Too great emphasis cannot be given to the possibilities of this movement. As the commissions and the Council of State Governments grow in strength and become more cohesive they may, as Henry W. Toll has pointed out, ultimately turn aside the trend toward central authority in matters of government to which the states can and should attend themselves. By demonstrating the states' competence to handle these vexing interstate problems it may no longer be necessary to give lip service to the former legal shibboleth of states' rights as the only bulwark against complete centralization of authority at Washington. The success of the coöperation commissions in the eastern area shows the fallacy of believing that when a state is confronted by a problem of government it cannot adequately handle within its own jurisdiction, it must yield all authority in the matter to the federal government.

There is an obvious advantage in dealing with definitely state problems through state authority. The ground work for this undertaking is being slowly and painfully laid. The machinery has been set in motion. The test will come when the coöperation commissions take the offensive in economic fields which in the past have been so clogged with the petty jealousies of individual states, with selfish business and industrial interests tugging their legislatures first one way and then another, that attempts to bring about constructive legislation and progressive administration have often been blocked.

FEDERAL ASSISTANCE

(Continued from page 344)

only because "relief" was given and "work" was provided. Upon the basis of the initial experience, especially with CWA, the later FERA and WPA activities assumed the status of programs based upon the appraisal of projects, local needs, and capacities.

Planning is indispensable both on the local and national levels to tackle the central problem of recurring crises and disorders of municipal credit and finance. Under the influence of the business cycle, the over-expansion of business and later contraction following panics, particularly the depressions after 1837, 1873, 1893, and 1929, resulted in alternate over-borrowing with carefree taxation and acute financial embarrassments with defaults. Each of the booms was accompanied by widespread speculation in the real estate on which local borrowing and taxation rested. Local planning is one method, not necessarily a cure-all, to assure a saner land use and subdivision control and to render public improvements coincident with orderly development rather than a device for brokerage by real estate speculators. The national contribution to stabilization of local finance can be expressed in administrative techniques like the scheduling of public works and by economic and monetary regulation which irons out the curves of the business cycle.

Editor's Note.—This is the second of two articles by Mr. Kilpatrick, the first, "Federal Regulation of Local Debt," appearing in the June issue of the Review.

Developments in the Old-Age Benefits Program

While administration of federal laws is yet in its early stages, the test is already sufficient to prove its general soundness

LeROY HODGES — *Director, Bureau of Federal Old-Age Benefits*

THE federal old-age benefits program, in which millions of Americans are now taking part, is no white rabbit pulled from a hat. The idea of a government's making orderly provision to relieve the financial worries of its aging wage earners was conceived many years ago. Laws providing in one way or another for the payment of old-age incomes were enacted in a majority of the world's industrialized nations long before the President of the United States signed the social security act embodying the plan which he had laid before Congress.

Business men, as well as students of social welfare, had from time to time urged the adoption of some plan of old-age insurance, but it was not until we had been brought to a staggering standstill by a nation-wide economic catastrophe that we admitted obsolescent labor's right to something better than destitution.

This program of governmentally administered old-age benefits grew out of the recognition of a few outstanding facts which the depression in the early 30's merely emphasized. The old-age benefits provision of the social security act is the outgrowth of years of observation of existing methods and the study of the experiences of the people in local communities and of the country as a whole. All humanity recognizes that youth must be served, that the aged must step aside, and that, unless the discarded workers have been farsighted enough or able to make provision for their livelihood in their declining years, they must become dependent upon others for support. With the sharp curtailment of employment resulting from conditions prevailing after 1929, the number of aging workers with no income grew suddenly greater. Actuaries have calculated that in about three decades the proportion of the nation's population of men and women over sixty-five years old will be double what it is today.

Not every man lays up money for a rainy day. A great majority are merely careless when it comes to providing for the future. Others fail to get the breaks, and still others find that their judgment was poor and see their earnings of a lifetime disappear. It might be argued that the workers should have protected themselves by taking out some form of insurance, an old-age annuity, or something of that sort, but the fact remains that only a small percentage of Americans do this. The consequence is that millions of men and women find themselves, at the end of their working lives, placed at the questionable mercy of relatives or friends.

Uncoördinated study of the problem of making more adequate provision for aged workers had been going on for some time, but leadership was lacking.

The President of the United States supplied this leadership. He created in 1934 the Committee on Economic Security, which, with the aid of more than one hundred experts, made a comprehensive study of the problem and reported to him its findings early in 1935. The President sent this report to Congress with recommendations that legislation along the lines indicated be enacted. This crystallization of thought revealed that the problem, which by this time had become known as social security, was not a partisan question. The measure was adopted by overwhelming votes in both the senate and the house: 77 to 6 in the senate and 372 to 33 in the house.

OLD-AGE SECURITY A REALITY

Members of Congress and the nation, having recognized the need for such legislation, promptly set about the business of putting it into effect. The President was the commander-in-chief in this war against destitution. He had that vision common to all great leaders, and it was he who assumed the responsibility for carrying on this war. The staff planning was done by competent men, carefully selected, and throughout the organization a spirit of confidence was built up that has been reflected in the operations in the field.

The first objective of this war against old-age dependency has been attained. The first campaign is being brought to a close. Positions all along the line are now being consolidated, and there is a growing demand for inclusion of additional territory, that is, the inclusion of many of those employments not yet covered by the social security act, such as farm labor, domestic service, and service by individuals in the employ of states and cities.

The problems now are time and space and personnel, the important considerations in any campaign, military, social, or business. The setting up of social security accounts for every wage earner in industry and commerce, although one of the largest tasks ever undertaken, is, in its final analysis, simple. It might be regarded as a new application of the three R's—registration, recordation, and reimbursement. The first phase of the campaign was the assignment of account numbers to wage earners throughout the country in the employments specified by the social security act. This has been virtually completed, although it never will be entirely finished because every year brings recruits to the ranks of labor. The second phase, that of maintaining the records of these workers, is proceeding satisfactorily. The payment of benefits, which is the final phase, began with the payment of lump sums to those who have reached the age of sixty-five since the plan went into effect on January 1, 1937, and to the estates of those workers who have died since that date. The payment of monthly benefits will begin in 1942, with monthly checks going to all qualified individuals.

The story of the organization and the early administration of the program for the payment of old-age benefits begins with the agreement reached by the Social Security Board with the Post Office and Treasury Departments for coöperation in the assignment of social security account numbers. The Treasury Department was prepared to take an important part, for it had decided to require employers and employees to file applications for numbers in connection with tax payments. In this regard the treasury assumed an attitude of general helpfulness and did much more than was strictly required by the law. It was the Post Office Department, however, that shouldered the heaviest burden.

The board at that time was faced with the gigantic task of receiving applications from all employees in the broad field of commerce and industry. Exact statistics were not available. No one knew exactly how many workers were engaged in the employments covered by the old-age benefits provisions of the act. In some of the larger industries it was known approximately how many were employed. The Bureau of Labor Statistics accounted for an average of approximately 460,000 persons engaged in the manufacture of automobiles and automobile parts for the year 1936, and they placed the average in the steel industry at 410,000 for the same year. But the program was designed to cover all workers in covered employments, and that takes in even the bootblack in the one-man barber shop if he is paid wages. The best evidence obtainable indicated that there were approximately 26,000,000 wage earners in covered employments below the age of sixty-five, and the development of the program has shown that this estimate was just a little low. Social security account cards have now been issued in response to more than 29,000,000 applications.

POST OFFICE ASSISTANCE

Forty-five thousand postmasters, directed by experienced executive officers of the department, coöperated with the Social Security Board in assigning the account numbers. The first step was the assignment of identification numbers to employers. More than 2,700,000 establishments responded to requests of the postmasters for information as to the number of persons in their employ. This information was the basis of the second major step, the assignment of social security accounts to the workers.

Without confusion and without ballyhoo the trained personnel of the Post Office Department went about the work of taking what, in effect, was a census of a sort never before attempted. Many persons in other government departments shook their heads in doubt, and from all parts of the country came expressions of skepticism. But the job was done. Without a hitch and without delay the workers continued to apply for their account numbers, and the machinery of the wage records office of the board that had been assembled at Baltimore was thrown into gear for the purpose of setting up the individual accounts of the millions of wage earners.

It is difficult for the average man to visualize the work being done at Baltimore. It is perhaps the biggest bookkeeping job ever undertaken and its success has been made possible only by the use of the most modern types of accounting equipment. Absolute accuracy is essential in keeping millions of accounts and is accomplished by the use of machines. Three hundred key punches, one of the largest single installations of these machines on record, are used. Two shifts of operators are working on these punches. On these machines are punched the master name cards of all applicants for old-age benefits, and other machines perform supplemental functions to this work. Nine different processes must be performed by the wage records office before the employee's account can be considered established.

The initial job of setting up the wage records of the millions of workers is nearing completion. Account cards have been issued to all but a small percentage of those who have already applied for social security account numbers, and on June 30th the employers throughout the country began to report to the Bureau of Internal Revenue information concerning the wages paid to their employees since December 31, 1936. The

account numbers assigned to the employees will appear on these returns. A record of the wages paid will be kept by the Social Security Board for use in determining benefits. The employer thereafter will make such reports every calendar quarter. To make them properly he will have to have a record of the social security account numbers issued to his employees. This does not mean that the employer will have access to the personal information that the worker has given the Social Security Board. This information will be kept confidential and will be used solely in the administration of social security laws.

Six months ago only a very small percentage of our population had a clear idea of just what the provisions of the old-age benefits program are. Today, the Social Security Board has reason to believe that the wage earners of the country are reasonably well informed on this subject. They know they are accumulating credits against dependency in their old age.

PAYMENTS BEGIN

The third and final operation of the program, the actual payment of benefits to eligible workers, is just beginning. Checks are now going out from the treasury of the United States in payment of claims for lump-sum benefits. The volume of this stream is small in comparison with what it will be when it carries the retirement benefits that will begin to be payable to qualified workers in 1942, but it is, nevertheless, of significant size.

A lump-sum payment is made to a worker with some but not all the requirements for monthly retirement benefits at age sixty-five, or to his estate, if he dies before receiving all the benefits to which he is entitled. The settlement is made on the basis of 3½ per cent of the wages for covered employment received after December 31, 1936.

Claims for such lump-sum payments are being made at the field offices of the board and at its headquarters in Washington. Simple procedures designed to expedite the handling of these claims have been adopted, and the personnel of the board, both in Washington and in the field, has been instructed to give all possible assistance to claimants in the preparation of their claims. This service costs the claimants nothing.

The board's actuaries have calculated that valid claims may be made by 123,000 persons who reach sixty-five during the calendar year 1937. The estimated number of claims filed by workers who become sixty-five prior to 1942 may increase in 1938 to approximately 136,000 and probably will continue to grow slowly until 1942, when a downward trend is foreseen.

The board expects payment of death claims will increase slowly for a number of years. Actuarial figures place the number of valid death claims that may be made during the present calendar year at approximately 191,000. In 1938 it is expected that this number may increase to approximately 194,000 and will continue to grow until 1980, when the figure for 1937 will be about doubled.

Retirement benefits are payable in monthly installments to qualified wage earners who attain the age of sixty-five and retire from work in covered employments. Monthly benefits continue as long as the individual lives, except that they will be reduced for months in which he is employed.

The federal old-age benefits plan places no premium on shiftlessness. It has been argued that the wage earners of the country, assured of an income from the government when they reach the age of retirement, will abandon habits of saving; that they will be content

to become wards of the state. As a matter of fact, the plan places a premium on uninterrupted working periods, on good employment records. The man whose social security account shows a continuous yearly wage record of $3,000 will receive more in benefits than the man who some years is paid that much but who drops out of the ranks in other years and works for a lower wage. There is nothing in the act to hinder the individual from supplementing his prospective benefits with his individually accumulated funds or with the receipts from a private pension if he works for a company that has its own pension system.

BUSINESS MEN COÖPERATE

Many workers on the pay rolls of concerns that have set up private pension plans have expressed a fear that they are going to be a lot worse off. This fear appears to be baseless. Actually, only a small percentage of the more than 29,000,000 workers whose accounts are now being set up in the wage records office of the board are protected by private pension plans. There is nothing in the act that would prevent any concern from continuing to afford old-age protection for its employees. Many of the big business organizations that have established private pension plans are revising them in such a way as to supplement the federal old-age benefits program. In some cases the adjustment affected will result in the worker's receiving a total slightly larger than he would have received under the company plan alone. Business, in short, has shown no disposition to take advantage of the worker and say to him, in effect, "Go ahead and take what the government offers you; we're through."

The nation's business men have cooperated in the old-age benefits plan to an even greater degree than many had expected. Isolated cases of active opposition have been reported, but the board's records reveal that an enormous majority of business men in all branches of industry and commerce are giving all the aid possible in setting up this huge program, the only provision under the social security act that is administered wholly by the federal government.

Their coöperation is not difficult to understand. Business men are rapidly coming to the conclusion that the cost of carrying out this program will not ruin them, but will, in the long run, result in more sustained production. It will bring about a greater stabilization of employment, for it will sustain the buying power of millions of men and women. It will open the way for the employment of younger men and, above all, it will relieve business men of a great part of the emergency relief load which, consciously or unconsciously, willingly or unwillingly, as taxpayers and contributors to charity they have always carried in the recurring periods of economic depression.

The criticism of the old-age benefits plan that reaches the offices of the board most frequently is that it does not go far enough. Attention is constantly being directed to the failure to extend the benefits to those workers in what are now listed as the excluded employments. Among these are agricultural labor, domestic service, employment in the crew of a documented vessel, employment by the federal government or a state or an instrumentality of either, and employment by nonprofit organizations, operated exclusively for religious, charitable, scientific, literary, educational, or humane purposes.

Almost everyone knows that the exclusion of many of these fields was not due to any desire to discriminate against

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Tennessee's Second State Reorganization

Centralization of administrative functions, reorganization of finance department, and establishment of merit system significant features of Tennessee's latest step toward efficient government

LEE S. GREENE

Formerly with Tennessee Valley Authority and University of Tennessee

In 1923 Tennessee attained considerable publicity as one of the first southern commonwealths to reorganize its state administrative machinery.[1] This year a second reorganization of major importance has taken place, designed to correct the abuses that have grown up in the past few years as well as to establish procedures not observed in the original reframing of state offices.

Tennessee is unhampered by an extensive roster of constitutional state officers. In addition to the governor, the constitution prescribes the selection by the legislature of a secretary of state, a comptroller, and a treasurer, the selection of an attorney-general by the supreme court, and the appointment of an adjutant-general by the governor. Aside from these restrictions, the legislature is free to mold the administrative machinery into the form required by current necessity.

Prior to the sweeping reorganization effected under the leadership of Governor Austin Peay in 1923, the administrative structure of the Tennessee state government presented the familiar muddle of boards, commissions, and semi-independent officers. The state government had suffered from serious financial difficulties. Between the years 1921 and 1923 an interest in the problems and methods of reorganization developed among business men of Nashville and Knoxville, who financed a survey of the state organization by A. E. Buck. Under Peay's leadership, the resulting recommendations were embodied in a bill which became law on January 31, 1923.[2]

This statute established eight administrative departments: finance and taxation, agriculture, highways and public works, education, institutions, public health, insurance and banking, and labor. Forty-nine statutory offices, boards, bureaus, and agencies of the state were abolished and their functions consolidated in the new departments. The reorganization went so far as to transfer to the new departments some of the statutory duties of the constitutional officers. Each department was headed by a single commissioner appointed without the confirmation of the senate by the governor, and removable at his pleasure. Subordinate officials were to be appointed by individual commissioners, with the governor's approval, subject to such employment rules as might be established by the department of finance and taxation.

[1]The first reorganization was described by A. E. Buck in an article in The National Municipal Review of October, 1923, pp. 592-600, entitled "Administrative Reorganization in Tennessee."

[2]Chapter 7, *Public Acts of Tennessee*, 1923.

This reorganization was attacked in the courts of the state, but the act was upheld by the supreme court.[3]

This plan of organization was not allowed to stand unaltered down to the present. As early as 1925, Peay himself signed a bill providing that the commissioner of education should be appointed for a term of two years.[4] Other significant changes were made in 1933. One of the most important was the statute providing that commissioners of departments should be appointed by the governor for terms of two years, such terms to expire with that of the governor. Moreover, the governor's appointments were made subject to approval by a majority vote of the senate. The governor's removal power was limited slightly by the addition of a provision permitting removal of commissioners for cause, but providing opportunity for hearing.[5]

Other changes made in 1933 tended to cut down the powers lodged in the department of finance and taxation by the 1923 act. One piece of legislation created a division of auditing in the office of the state comptroller of the treasury. Post-auditing, under the terms of the Peay reorganization, had been left in the hands of the department of finance and taxation.[6] This function was now transferred to the division of auditing under the comptroller.[7] This step was not open to objection, from an administrative point of view, but the allocation of other duties to the comptroller made at that time is subject to question.

The 1923 law had placed in the department of finance and taxation the power to prescribe forms for financial statements as well as to supervise and examine expenditures. Confusion was introduced by the legislation of 1933 by making the exercise of these powers by the finance department subordinate to similar but ill-defined powers held by the division of auditing.[8] Under the 1923 act, expenditures had been made upon the warrant of the comptroller, after such warrant had been authorized by the department of finance and taxation.[9] The change effected in 1933 eliminated the department of finance and taxation from this procedure.[10]

BUDGET COMMISSION

Again, the Peay reorganization had provided that the department of finance and taxation should be the budget commission. Legislation in 1933 had made this department, the governor, and the comptroller joint supervisors of the preparation of the budget.[11] Transfers of state funds, under the 1923 law, had been made subject to the approval of the comptroller and the commissioner of finance and taxation. By the 1933 act[12] the sole authority to approve transfers was given to the comptroller.

The tendencies evidenced by the changes of 1933 are evident.[13] The powers of the department of finance and taxation, a unit under executive control, were cut down in favor of the authority of the comptroller, a constitutional officer responsible to the legislature. This official was given powers in the fields of auditing, control of expenditures, and the budget. In several instances confusion was introduced in the relationships between the comptrol-

[3] *House* v. *Creveling*, 250 S. W. 357.
[4] Chapter 115, *Public Acts of Tennessee*, 1925.
[5] Chapter 92, *Public Acts of Tennessee*, 1933.
[6] *Code of Tennessee*, 1932, Sec. 344.
[7] Chapters 74 and 92, *Public Acts of Tennessee*, 1933.
[8] *Ibid.*
[9] *Code*, 1932, Sec. 277.
[10] Chapter 92.
[11] *Ibid.*
[12] *Ibid.*
[13] These acts of 1933 were signed by Governor McAllister.

ler and the department of finance and taxation.

The election of Gordon Browning to the governorship of Tennessee in the autumn of 1936 was occasioned in part by dissatisfaction with the administration of the state prior to that time.[14] The most important action of the 1937 session of the legislature, from the point of view of administration, has been the passage, under Browning's leadership, of the reorganization bill,[15] drawn after conferences with the state planning commission and A. E. Buck.[16] In part, the Browning reorganization is a return to the system set up under Peay; in part, an alteration and extension of that system. The first step involved the re-establishment of the principle that the governor should appoint without confirmation the commissioners heading the various departments and that they should hold office only at his pleasure.[17] The number of departments was increased to ten, the two new departments being the department of administration and the department of conservation. The department of institutions was made the department of institutions and public welfare with the intention of allocating to it the administration of the social security program. The commissioners were constituted a cabinet or advisory staff for the governor.

FINANCIAL ADMINISTRATION CLARIFIED

Obscurities inherent in the former structure of the state's financial administration have been largely eliminated. The department of administration, which constitutes the most important creation of this reorganization, is to be composed of the divisions of budget, accounts, personnel, purchasing, local finance, and highway patrol. Minimum qualifications are specified in the act for the executive heads of these divisions.

The director of the budget has power to prescribe forms for the preparation of estimates, to examine and recommend for approval the work program and quarterly allotments for each spending agency of the state government before funds are made available, and to recommend changes in work programs and allotments. He is also required to study the organization and administration of departments in order to foster efficient management. The budget director prepares and submits a budget document to the governor. The act prescribes that the appropriation bill shall authorize only lump-sum appropriations. Executive control of budget preparation had been weakened by the work of 1933. This situation is now corrected by the transfer to the division of the budget of all powers concerning the budgeting of funds formerly exercised by the comptroller, in addition to the transfer of all budgetary powers from the department of finance and taxation to the budget division.

Control of accounts and expenditures is now lodged in the division of accounts. This office is to maintain a system of general accounts embracing all the financial transactions of the state government. It is to approve all documents involving financial obligations against the state and to determine that funds have been duly appropriated and allotted. In the exercise of these and other similar powers the director of accounts replaces the comptroller and the department of finance and taxation as the control agent.

Post-auditing remains in the depart-

[14]Smith, "New Executive Set-Up Put In by Browning Gives Him Responsibility for Program," *The Knoxville News-Sentinel*, March 10, 1937.

[15]Chapter 33, *Public Acts of Tennessee*, 1937.

[16]Smith, article in *The Knoxville News-Sentinel*, Jan. 26, 1937.

[17]Chapters 10, 11, and 33, *Public Acts of Tennessee*, 1937.

ment of audit established under the administrative headship of the comptroller. The comptroller is relieved of his duties as a tax collector and controlling officer, and the department of audit is now confined to the performance of a current post-audit of all accounts and financial records of the state government and its agencies, the presentation of an annual report to the legislature, the certification of financial statements before publication, and the investigation of any phase of state finance.

One of the chief faults of the Peay reorganization was its failure to provide a merit system for the state. During his campaign Browning repeatedly indicated his intention of remedying this defect, if elected. Accordingly, a director of personnel was provided for in the reorganization act. A merit system was authorized by separate act.[18] Under this statute, the director of personnel, appointed by the commissioner of administration with the approval of the governor, is given broad powers to establish a complete personnel system for the state. He has general power to prescribe rules and regulations for the execution of the act, such rules requiring the approval of the commissioner of administration and the governor. The act places upon the director the duty of providing employment tests, formulating registers, and certifying persons for employment. He is required to administer day-to-day affairs of personnel management, including transfer, promotions, discipline, leave, and service ratings. He is instructed to develop employee welfare and training programs. He is to establish and administer a classification plan for the state service, and to recommend a compensation scheme.

The powers of the personnel agency are limited by those of the appointing authority in numerous ways where appointment, discipline, and lay-offs are concerned. In general, the appointing official may determine whether a vacancy is to be filled by regular appointment, temporary appointment, reappointment, transfer, promotion, or demotion. Temporary appointments are limited, however. Qualifying tests are to be used for promotions and for induction of present employees into the merit system.

Residence is paid unusual obeisance in the provision that appointments be made as far as practicable from citizens of the state and that the county residence of the employee be considered in order that there may be an equitable distribution of state positions.

Purchasing, formerly a function of the department of finance and taxation, is now placed in the department of administration.

It is of especial interest that the reorganization act foresees the establishment of increasing control over local finance through the creation of a division of local finance. There is crying need for improvement of this type in Tennessee. The exercise of the powers of this division will depend upon the passage of adequate legislation for local budgeting and fiscal control.

From the point of view of administrative science, the most significant features of the present reorganization are found in the centralization of all overhead administrative functions, the reduction of the finance department to a line agency primarily concerned with taxation, and the establishment of the bases of a merit system. Smaller reforms were made in the further consolidation and abolition of extra boards. Much remains to be done to breathe into this administrative structure the life of actual day-to-day observance, but without doubt definite strides have been taken to improve the implements of effective government.

[18]Chapter 54, *Public Acts of Tennessee*, 1937.

RECENT NEWS REVIEWED

NOTES AND EVENTS

Edited by H. M. Olmsted

Permanent Registration for Philadelphia.—After many years of diligent effort civic groups were finally successful in their fight to have the legislature enact a permanent registration law for Philadelphia. Governor George H. Earle signed such a bill on March 30th and it became effective immediately. The first registration under the new law was held June 12th.

The first permanent registration law for Philadelphia was introduced in the general assembly in 1925, but it died in committee. Civic bodies throughout the state, appreciating the practicability of permanent registration in other large communities, then began an educational campaign to bring about the adoption of permanent registration for the entire state.

With dauntless regularity bills were introduced at each session of the legislature and finally in 1934 Pittsburgh and Scranton were granted permanent registration laws. Other successes soon followed, and by enactments of the recent legislature permanent registration will be in effect throughout the state.

Under Philadelphia's new law, once registered, an elector's name will continue to remain on the rolls. If he should fail to vote at least once in four years or should desire to change his party affiliation, special forms must be filled out. If a voter moves from one address to another he may have his registration changed by merely writing a request to the registration commission. He need not re-register.

Great care and elaborate detail are provided for the registration procedure. After giving information concerning his residence, age, naturalization, and the other customary searching questions, the voter must sign, under oath, each of three cards on which the information is recorded. If an applicant is unable to sign them he must present affidavits to that effect from two electors who personally know him. The voter may register practically any day of the year at the central office of the commission or in his own district on the days designated by the commission. To combat fraud and the retention of names of persons no longer entitled to vote, elaborate checkups have been provided. The registrar of vital statistics is required to report weekly the deaths of all persons over twenty years of age. Electric and gas companies must report at least once a month all cases of discontinuances of services, and obligations are also imposed upon real estate and rental agencies, and furniture movers. There are also provisions for verification by mail, mandatory as to each registered voter, at least once every four years. The law also authorizes the commission to have canvasses made by the police and registration inspectors.

When the elector appears to vote he must sign a voter's certificate and the election officials must compare his signature there with the one in the register before they permit him to vote.

Although no one is so hopeful as to expect this measure to eliminate all the registration evils, nevertheless, it is felt that the new law will have a salutary effect and that it may bring about substantial benefits to the voter and to the taxpayer as well.

MURRAY H. SHUSTERMAN
Philadelphia Bureau of Municipal Research

*

Newark Mayor Seeks to Evolve New City Government Form.—Meyer C. Ellenstein, recently re-elected mayor of Newark,

New Jersey, is reported as studying the possibility of a new type of municipal government "combining the best features of city commission, councilmanic, and city managerial forms." Newark is now governed by a city commission. Mayor Ellenstein stated that after proper consultation regarding the matter he hopes to sponsor legislation to enable such a form of government to be placed in operation. He is also working on a plan to bring non-departmental divisions, such as the city clerk's office, the zoning and tax assessment boards, and the law department, in closer touch with the city commission.

*

Council-Manager Plan Developments.—The council-manager form of government, adopted fourteen years ago by Knoxville, Tennessee, was cancelled by vote of the state legislature on May 14. The story of this action will be found in the note following.

The city manager committee of the City Club of Chicago is busy despite the recent defeat of the city manager enabling bill in the Illinois legislature. Speaking engagements with various organizations have been carried out and opportunities to spread information on the council-manager plan in this way are being extended.

The city of Lake Worth, Florida, adopted the council-manager plan by ordinance on May 3rd.

Governor Hurley of Massachusetts has vetoed a city manager bill recently passed by the legislature.

In Leominster, Massachusetts, the council-manager plan is receiving much attention. City Councilor Paul R. Nettel, proponent of the plan and chairman of the council committee named to study the proposal, has announced that much information has been secured for presentation to the committee. After several weeks of study a report is to be submitted to the city council for its consideration.

*

Tennessee Legislature Destroys Knoxville's Council-Manager Government.—The seventieth general assembly of Tennessee has amended the charter of Knoxville so as to destroy the city manager form of government and to create a strong mayor type in its place. The amendment, passed as a local bill, abolishes the office of city manager and delegates to an elected mayor all the powers and duties formerly enjoyed by the manager. The mayor will also possess the powers conferred upon this office prior to the amendment; he will preside over the council and may vote in case of tie upon any question before it. A two-year term and a $7,200 annual salary are prescribed. An election will be held next November to select the mayor, who will assume office January 1, 1938. He will not be removable by the council and apparently will not be subject to the state ouster law.

This amendment was passed by the legislature over the objections of the Knoxville charter group, whose efforts to secure a referendum on the measure were unsuccessful. The opposition of the state senator from Knox County, and a petition signed by four thousand citizens protesting the bill, did not prevent its passage in the state senate, by a twenty-to-two vote.

Other amendments to the Knoxville charter provide for a tax arbitration board to hear appeals from the tax assessments placed on property by the tax commission (equalization board); extend the merit system provisions of the charter to cover nearly all city employees; place public school teachers under permanent tenure with allowance for appeal to the board of education in case of dismissal; permit refunding of bonded and funding of floating indebtedness; and revise the tax collection calendar.

The seventieth general assembly passed and the governor approved a total of 232 local or private acts pertaining to individual towns and cities of Tennessee. Of these, eighty-three authorized or validated the issuance of bonds or other forms of indebtedness. This is characteristic of municipal government in Tennessee, where the absence of constitutional home rule has resulted in the incorporation of nearly all municipalities by special acts of the legislature. All municipal corporations have been given the authority, by general law, to levy a two-mill property tax for advertising purposes.

LYNDON E. ABBOTT
Tennessee Valley Authority

*

Permanent Registration and Machine Voting for Baltimore.—The way has been

cleared for Baltimore, Maryland, to establish a system of permanent central registration and to install voting machines in all of the voting precincts of the city, enabling acts for these purposes having been passed at the 1937 session of the Maryland legislature. An unusual circumstance was that the supervisors of elections were themselves the chief sponsors of these reforms.

Baltimore has had voting machines in twenty-five precincts for several years, but since the legislation authorizing that installation did not provide at the same time for the elimination of any of the election clerks, no economies resulted from their use.

The reforms had the unanimous support of all the important civic organizations, the members of which, together with the supervisors of elections, conducted a public educational campaign for several months. Political leaders also voiced their approval of the reforms. Although the enabling acts as introduced in the legislature were changed before their passage, thus altering somewhat the carefully planned procedure for installing the new systems, the changes may not prove to be insurmountable obstacles.

As the enabling acts were passed by the legislature as emergency measures, the bond issue for the purchase of the machines need not be referred to the voters for approval. The constitutionality of these acts has been tested in the courts in a friendly suit, and was established by the court of appeals this week.

Serving as a basis for public action for these proposals, for the permanent central registration particularly and also for the voting machines, was a series of bulletins made public by the Commission on Governmental Efficiency and Economy emphasizing their desirability.

D. Benton Biser, *Director*
Baltimore Commission on
Governmental Efficiency and Economy

*

For Better City Reporting in New Jersey.—The New Jersey Taxpayers Association, as part of a campaign to improve the annual reports of New Jersey municipalities, is conducting a competition in which prizes will be awarded to municipalities submitting the best annual reports. The 563 municipalities in that state have been grouped into twelve classes according to population, with two certificates of merit to be awarded in each class. A handbook entitled "Making Municipal Reports Readable," has been prepared and distributed to officials throughout the state.

*

Expanding Scope of City and Regional Planning.—The increased significance of planning, as directed to the physical patterns and the conservation or development of natural resources, has been emphasized by President Roosevelt's planning message to Congress calling for seven regional bases for a nation-wide program, and the recent national planning conference held in Detroit.

The national conference, attended by city, state, and federal planners, signalizes the emergence of planning as an important social and economic force, in the opinion of Walter H. Blucher, executive director of the American Society of Planning Officials and director of the conference.

Physical planning originally was emphasized in the city plans, he points out, but with the development of state planning, the movement has proceeded on a broader basis, with expanded purposes to help provide a better arrangement of resources for human living. He states: "There was a very great emphasis at the conference on the social and economic aspects of planning, rather than simply its physical aspects. The impressionistic city of the future is engaging the attention of planners less today than are immediate practical problems of zoning, land use, farm tenancy, population trends, and the relation of the plan of a city to the people who live in it."

The following were elected officers of the society: president, Morton L. Wallerstein, chairman of the Virginia State Planning Board; vice-president, Harold L. Buttenheim, editor of *The American City;* directors are Alfred Bettman, retiring president of the society and chairman of the Cincinnati City Planning Commission; Frederick A. Delano, chairman of the advisory committee of the National Resources Committee; Mayor George W. Coutts of Waukesha, Wisconsin; and Mayor Neville Miller of Louisville, Kentucky.

*

Florida Considers Home Rule Amendment.—A municipal home rule amendment to

the constitution of Florida, now under consideration by the legislature, was drafted after a survey of the municipal charter problem by the American Municipal Association for the Florida League of Municipalities and a joint legislative committee. The survey revealed that:

> The municipal law of the state of Florida is utterly lacking in uniformity of origin and application, the municipalities being controlled by legislation of widely varying types and effect.
>
> The practice of legislating for individual municipalities by the enactment of local bills has been so extensive as to impede the entire state legislative process, to prevent adequate consideration of measures affecting municipalities, to render impossible any substantial degree of uniformity or stability of municipal government.
>
> A major share of the attention of municipal officials is diverted from their regular duties to legislative matters, and state political issues are injected into purely municipal affairs because of the individual legislative treatment of cities.

According to Clifford W. Ham, executive director of the American Municipal Association, about one-third of the states give cities the power, under constitutional home rule provisions, to deal with municipal problems without specific state legislation. In most of the other states, however, constitutional provisions and state laws still regulate municipal government in great detail, so that the cities must go to the legislature for approval of all changes in municipal structure and powers, even though purely local in character.

*

Home Rule Legislation in West Virginia.—The West Virginia legislature has recently enacted a municipal home rule law to give effect to the home rule constitutional amendment adopted a year ago. Under the new law municipalities in West Virginia have the power to determine the form of government under which they shall operate and to exercise a rather wide range of municipal powers.

*

Open Primary for Michigan.—By action of her legislature at the 1937 session, Michigan joins the ranks of the states adopting the open primary. Disregarding the bill containing the recommendations of the special commission appointed in 1935 to study the election laws of the state which made no such provision, the legislature at that time enacted a measure providing for the more secret type of primary.

On the surface there did not seem to be any compelling sentiment in favor of the change, but the shifting sands of party allegiance in Michigan were by no means conducive to a retention of the closed primary. No reliable statistics are available as to the number of individuals, Democratic nationally, who retained membership in the Republican primary in September 1936 in order to vote for or against Senator James Couzens in his last campaign for renomination. Likewise unknown is the number of those migrating to the Democratic primary to aid or oppose the nomination of Frank Murphy as a candidate for governor. Comments of competent observers, informal inquiries, and the election results themselves strengthen the belief in a high degree of mobility of the voters within the supposedly closed ranks of Michigan party politics.

The provisions of the new statute itself are simple. No change is made in the form or arrangement of the existing party ballots with the listing of candidates upon an office-block basis, and with the prescribed rotation of names. The voter will now be given a booklet of all party ballots being voted upon at that primary from which he separates the ballot of his choice, returning the unused ones to be impounded in a blank ballot box by the election officials. Voting machines must be equipped in such a manner that the voter may not disclose his party preference. The open primary statute likewise repealed the provisions of the existing law providing for an automatic nomination in case there was no declared opposition or competition between candidates.

Indubitably the desire to squeeze out partisan advantage actuated the legislature. Whether the statute will operate as intended, or prove a snare and a delusion, remains for the future to determine.

CHARLES W. SHULL
Wayne University

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President Warns Against Merit System Exemptions.—In letters to Vice-President Garner, at the senate, and to Speaker Bank-

head, at the house of representatives, President Roosevelt on June 3rd gave the following caution against weakening of the merit system:

> I have received a communication from the Civil Service Commission which states that, in addition to numerous other bills exempting from the merit system all but minor positions, there have been more than seventy bills introduced in this session of Congress which propose complete exemption for all positions affected thereby. . . .
>
> Aside from the undoubted fact that the merit system affords the best method for administration of government business, the particular feature of the system which has the greatest appeal is the open competition it provides to taxpayers to seek the public employment for which they pay.
>
> Please let me urge upon the Congress the desirability of placing all but policy-forming positions under the merit system.

*

Detroit Citizens League Celebrates.—The Detroit Citizens League, organized in 1912, celebrated its twenty-fifth anniversary with a program of meetings, group discussions, etc., covering two days. C. A. Dykstra, president of the University of Wisconsin, delivered the anniversary address at the dinner in the Masonic Temple.

As leaders of discussion in the group meetings the league was assisted by civic leaders from Detroit and other cities, including George H. McCaffrey, research director of the Merchants Association, New York City; Mayo Fesler, director of the Cleveland Citizens League; Allen H. Seed, Jr., secretary of the City Manager League of Toledo; and Robert E. Garrigan, civic secretary of the Chicago City Club. Henry Bentley of Cincinnati because of illness was unable to attend but prepared a paper on "Citizens' Organization for Political Purposes," which was read by Mrs. W. E. Stilwell of Cincinnati.

Among messages of felicitation was one from Harold W. Dodds, president of Princeton University and of the National Municipal League, who commended the Detroit organization for displaying "a unique power of survival." Detroit's municipal record was reviewed by various speakers, including Lent D. Upson, director of the Detroit Bureau of Governmental Research. It was stated that Detroit's advance in municipal affairs had been peculiarly nonpartisan. The new regime began in 1915 with passage of the Scott-Flowers honest elections law, under which Detroit elections for twenty-one years have been exceptionally accurate and efficient.

It is the continued policy of the league to retain its independence of all other organizations and to emphasize unprejudiced research, especially in making its pre-election recommendations on candidates for local public office. In state affairs the league has furnished leadership in promotion of county home rule, civil service, etc.

W. P. Lovett, *Secretary*
Detroit Citizens League

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Henrico County Retains the Manager Plan.—The citizens of Henrico County, Virginia, (containing the city of Richmond) have once again approved the manager plan. In a referendum held June 29th the vote was 2,886 to 2,263, the largest ever polled in the history of the county.

"For the third time in less than four years," said the *Richmond Times-Dispatch* editorially on June 30th, "the people of Henrico County have spoken on the subject of the county manager form of government, and for the third time they have given that form their unqualified approval. . .

"Yesterday's result was a convincing demonstration. . . It is a triumph which will be reflected importantly throughout the state, for if the county manager plan had been repudiated in Henrico, after a trial of three years, there would have been slight chances of introducing modern governmental machinery into the ninety-six Virginia counties which are still lumbering along with antiquated and creaking apparatus more than a hundred years old. . . Henrico has struck a blow of epochal importance. It is to be hoped that we have heard the last of efforts to overthrow the manager plan in that county."

*

San Mateo County Votes to Elect Its Manager.—On June 29th San Mateo County,

California, voted to place the appointive officers of county executive (manager), treasurer, coroner, tax collector, recorder, and engineer on the elective list. The vote was 6,722 to 5,262, a total of 12,000 out of a registration four times as great. A second question to retain the present system of appointing the county executive was defeated by a vote of 5,338 to 6,298. This amendment to the county's charter must now go to the legislature in 1939 for ratification, unless a special session is called which seems unlikely at the present moment.

■

An Appraisal of County Consolidation in Georgia.[1]—On January 1, 1932, by vote of the people in the affected territories, Georgia's capital became the situs of a large-scale county consolidation program. Fulton County, of which Atlanta is the county seat, "took in" the adjoining counties of Campbell and Milton, thus enlarging itself three-fold and reducing the total number of Georgia counties from 161 to 159.

Five years have elapsed since that expansive gesture, and it is possible to appraise the results of the merger for all concerned, as measured by tax rates, better roads, school facilities, and a host of other public services.

Without attempting a profit-and-loss generalization, it is a fact that the merger has been distinctly profitable, financially and otherwise, for the two smaller counties. Their citizens are vastly pleased, and would be silly to feel otherwise.

There has been no intrinsic gain for large and powerful Fulton County, which, indeed, has shouldered an actual loss in dollars and cents. Fulton, however, has gained in prestige through sheer size alone, and its residents have accepted the one-sided financial bargain with complacency, feeling that such consolidations actually aid the cause of better government and are thoroughly justified as long-range developments.

So there has been no complaint, to date, from anybody. Even the one-time office-holders of Campbell and Milton, whose jobs were abolished by the merger, have been, in the main, provided with acceptable Fulton County posts, and the old courthouses have been turned to other uses.

In Campbell the former courthouse is now a community building devoted to civic purposes, with an auditorium and facilities for recreation. County and federal funds have aided in its remodeling. No extensive remodeling has been undertaken as yet in what once was Milton County, but the old courthouse is used for many public purposes.

Atlanta is the largest city in Georgia, and Fulton County always has borne a lion's share of all state taxes. Prior to the merger, Fulton had an area of 187 square miles, to which were added 211 square miles from Campbell and 145 square miles from Milton.

Fulton now has 1 per cent of the area of Georgia, and 11 per cent of the state's population. It has 23 per cent of Georgia's taxable wealth, and pays better than 25 per cent of all state taxes.

Prior to the merger, Fulton had taxable assets (in 1931) of $271,838,740, which were increased only 1.14 per cent by the addition of $2,900,000 from Campbell and $1,200,000 from Milton. Total taxable wealth of the consolidated counties now is upwards of $300,000,000, most of the increase occurring in what was originally Fulton.

In tax payments alone residents of the two smaller counties profited greatly through consolidation. Campbell's former tax rate was 3.25 per cent and Milton's 3.2 per cent. Fulton's rate of 2.25 per cent now is applicable.

Prior to the merger Fulton County had 474 miles of paved roads, Campbell had 17 miles, and Milton had no paved mileage.

In the last five years about $25,000 monthly has been spent in the construction of roads and bridges in Campbell and Milton. Most of the money has gone to make all-weather roads out of narrow, ill-kept, backwoods trails, which often were impassable in bad weather. In addition, Milton now has a twelve-mile stretch of pavement bisecting the county and providing an essential link in an important north-south highway.

These good roads have played an important part in the success of the merger, for one of the principal arguments advanced against the plan was that residents of old Campbell and Milton would be put to intolerable inconvenience attending court in Atlanta and in the transaction of other public business. There are still slight inconveniences because of their

[1]Prepared by and reprinted with the permission of Editorial Research Reports, Local Affairs Service, Chicago, Illinois.

distance from the seat of government. None the less, residents of the annexed areas have no hesitation in expressing the feeling that the advantages of consolidation have thus far outweighed its disadvantages.

No organized public health service was regularly available in the two smaller counties prior to consolidation. Routine services now rendered by the central government include physical and dental examinations for school children and sanitary regulations in all affected communities.

One tangible result has come through costly drainage projects, through which some three thousand acres of overflowed bottom lands were reclaimed for cultivation in Campbell and Milton, thus relieving fifty-six square miles of territory of serious malarial conditions.

In 1931 (the twelve months preceding the merger), Campbell County spent $56,354 on its school system, a seven-months term was the rule, and teachers' salaries averaged about $75 a month, or $525 for the full term.

In Milton school expenditures in 1931 totaled $37,000, the term was seven months, for which teachers' salaries averaged $50 monthly, or a total of $350.

In the last five years the merger has resulted in the spending of $325,500 for new buildings alone in the annexed areas; all schools throughout greater Fulton County now operate a full nine-months term and teachers' salaries average $100 monthly for ten months each year.

Contrasted with 1931 expenditures, noted above, Fulton County in 1936 spent $103,850 for school operation in what once was Campbell County, and $75,316 in what once was Milton. The entire county school system cost $888,000 last year, not including the city of Atlanta, which operates its schools independently.

The merger involved no large-scale absorption of debts by Fulton County. Campbell County had about $150,000 in bonded indebtedness; Milton had no outstanding bonds and brought in cash assets of $18,000.

All told, however, expenditures in the annexed territories have exceeded tax revenues by about $100,000 annually in the last five years.

Ed H. Bradley

An Alternative Form of Government for Westchester County, New York.—For the fourth time in a dozen years, the state legislature has approved a plan of government for Westchester County (chapter 617, laws of 1937), which the voters of the county will have an opportunity to adopt or reject next November. While drawn under the liberalizing provisions of the constitutional amendment of 1935, the act follows the cautious device of leaving several of the more notable departures from the existing governmental set-up to possible future consideration by the electors, after the act is adopted.

If approved, the act becomes effective in January 1938. The principal innovation is provision for an elective county executive, to be chief executive and administrative officer and official head of the county government, for a four-year term at an annual salary of $20,000. He has the power of veto over county acts, subject to their repassage by a two-thirds vote, and extensive powers of appointment and removal of county officers. The executive is thus clearly separated from the legislative branch of the government.

The board of supervisors, composed at present of forty-two representatives from the towns and cities, continues unchanged by the adoption of the act. It is made possible, however, for the electors to vote subsequently on the abolition of such board and the creation of a county board of from ten to twelve members, elected for a term of four years from districts determined by the board of supervisors as nearly as practicable upon a population basis.

County functions are reorganized and consolidated under eight departments: budget, finance, public works, public welfare, health, law, probation, and planning (new); three commissions: tax (new), park, and recreation; three boards: acquisition and contract (new, *ex officio*), elections, and health; six elected officers: county judge, surrogate, judge of children's court, sheriff, district attorney, and county clerk; and five appointed officers: personnel officer (new), medical examiner, commissioner of jurors, public administrator, and calendar clerk.

The act leaves subject to future referenda—to be called optionally by the board of supervisors or compulsorily upon petition of qualified voters equaling 5 per cent of the guber-

natorial votes at the last election—three of its more striking features, viz., replacement of the board of supervisors by a county board of ten to twelve members; creation of a county department of assessment, in place of local assessors, to assess all taxable property, except special franchises, for state and local purposes; and creation of a county debt commission with power to control the indebtedness of the county and subordinate units and to enforce prescribed limitations on local indebtedness.

A comprehensive budget procedure is included, covering both a current and a six-year capital program. The act also authorizes contracts between government units for the joint operation or transfer of any of their governmental functions.

AUDREY M. DAVIES
Institute of Public Administration

TAXATION AND FINANCE
Edited by Wade S. Smith

New York Municipalities to Tax Utility Receipts.—At least forty cities in New York State are planning to take advantage of a law enacted at the last session of the legislature to place a municipal tax on the receipts of utility companies, according to a recent announcement of State Tax Commissioner Mark Graves. Gross receipts taxes on public utilities already accrue to municipalities in at least three other states, among them New York's neighboring New Jersey; this being in addition, of course, to receipts taxes levied locally according to terms of special franchises.

The recently adopted New York statute repeals one which previously permitted New York City only to levy a 3 per cent tax. The new law permits municipalities throughout the state to levy a 1 per cent tax, while another 2 per cent is levied by the state itself. The law became effective on July 1st.

New York City has already passed its local law authorizing the 1 per cent levy to which it is now restricted, the bill being before Mayor LaGuardia for signature as this is written. Last year, under the 3 per cent levy, the city received some $18,500,000 from this source. It is believed that collections for the first six months of 1937, with the old rate still applying for that period, will be about half the total 1936 receipts.

Wisconsin Back Tax Collections Improve.—An interesting portrayal of improving back tax collections comes from Wisconsin, where, according to information recently released by the Wisconsin Taxpayers' Alliance, property taxes sold for non-payment last year were approximately half those sold in the peak year of 1933. The liquidation of delinquent taxes is particularly significant because of the unusual tax collection system under which Wisconsin operates.

Property taxes in Wisconsin are collected with a dual priority as to the disposition of tax receipts. Taxes are first collected by the city collector, and collections on account of city, county, and state tax levies are retained by the city during this period up to the full amount of the city levy. Then, in March following the year of levy, the delinquent taxes are returned to the county, which applies all back taxes to its own account until its claims are satisfied in full. When 100 per cent of the county claims have been met, back taxes are again distributed to the municipality. If current delinquency is slight, the cities obviously benefit; but during periods when delinquency is high, such as those recently experienced, there is a considerable lag in the cities' receipt of back taxes. The decreasing amount of back taxes going to sale, indicating a higher proportion of actual liquidation of back tax charges, is therefore an encouraging sign that Wisconsin municipalities are now beginning to enjoy not only improved current collections but also the delayed receipt of delinquent taxes necessary in many cases to liquidate depression-incurred deficits.

Property taxes sold by the seventy counties and the city-county of Milwaukee reached their peak in 1933 at $24,000,000, according to data released by the alliance. They dropped slightly to $21,900,000 in 1934, then fell more rapidly to $16,100,000 in 1935. In 1936 they amounted to $13,700,000, or only slightly more than half the 1933 level. Only about 7 per cent of the taxes sold were taken by private bidders, 93 per cent, or $12,800,000, being bid in by the offering counties. The drop in tax sales last year under ordinary tax enforcement provisions is the more encouraging because Wisconsin is one of the many states which during the depression period enacted legislation delaying tax sales and otherwise effecting a moratorium on property tax enforcement provisions of its law.

Tax Limit Proposed in Illinois.—A bill looking toward amendment of the Illinois state constitution to impose a 1 per cent overall tax rate limit on property tax levies was recently introduced in the Illinois legislature. It would also require electoral approval of general obligation bond issues.

The bill, which is backed by the organized real estate interests, would exempt debt service, and limit all other property taxes to 1 per cent on urban property and 0.7 per cent on rural property. The rate limits would be based on so-called "fair cash value." (Assessed value at the present time is legally fair cash value, but has been officially determined to average 37 per cent of full value throughout the state.) Further, the approval of 60 per cent of the voters voting thereon would be required to validate any bond issue to be supported by property taxation. The proposed amendment would alter article IX of the state constitution, and would not take effect until January 1, 1940. Service on debt incurred prior to that date would be serviced from unlimited taxes. Municipal corporations would be barred from levying taxes on income derived from any source.

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Unofficial returns from the June 1st general election indicate that the Georgia constitutional amendment to exempt homesteads from taxation was adopted by a large majority. The proposal applies to state and county property tax levies only, and would exempt the first $1,500 to $2,000 of homestead valuation, and personal property up to $300.

*

The new Wilcox municipal debt readjustment bill, to overcome the deficiencies of the municipal bankruptcy act declared unconstitutional by the United States Supreme Court last year, has been passed by the house of representatives after favorable recommendation from the rules committee.

*

A 2 per cent increase in the local debt limit was effected by the New Jersey legislature prior to its recess recently, when it increased the debt limit for school districts from 6 per cent to 8 per cent of the average assessed valuation. Municipalities have a 7 per cent limit, so the combined debt limit of cities with contiguous school districts (in other words, all cities within the state) is now raised from 13 per cent to 15 per cent.

The local sales tax ordinance recently adopted by the city of Savannah, Georgia, has been temporarily estopped by court injunction brought by local merchants.

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The New York State legislature before adjourning restored New York City's penalty on delinquent property taxes to "normal." During the depression period, coincident with the advent of Fusion, the penalty was raised from 7 per cent to 10 per cent per annum, with beneficial results. The amended law will allow a 7 per cent penalty prior to January 1, 1934; continue the 10 per cent penalty from January 1, 1934, to May 1, 1937; and apply 7 per cent after May 1, 1937.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

P. R. Constitutional in New York State.—On June 2nd the New York court of appeals, the highest court in the state, ruled in a six-to-one decision that P. R. is constitutional. This momentous decision, ending a controversy more than half a century old, removes the last obstacle to the use of P. R. next fall in our largest city. It also clears the way for the adoption of P. R. in other New York cities, which gained the right from this year's legislature to amend their charters by petition and popular vote. And it is bound to have a profound influence on judicial decisions in other states, many of which have constitutional provisions based on the language in New York's constitution under which the constitutionality of the adoption of P. R. in New York City was attacked.

The prevailing opinion, eighteen pages long, was written by Chief Judge Crane, Judges Hubbs, Loughran, and Finch concurring. Judge Lehman concurred in a separate opinion and Judge O'Brien with the simple statement that he "concurs in result on the ground that chapter 43 of the charter providing for proportional representation is not so clearly in conflict with article II, section 1, of the constitution as to require a declaration of invalidity." Judge Rippey dissented in an opinion of sixteen pages. The majority verdict upholds the decision of Supreme Court Justice Church in Manhattan (In the matter of the

application of John C. Bowe, et al., petitioners, for a peremptory order of mandamus against S. Howard Cohen, et al., respondents); and reverses the decision of Supreme Court Justice Brennan in Brooklyn (Loretta F. Johnson, plaintiff-respondent, against the City of New York, et al.).

Brushing aside the city's contention that the city home rule amendment strengthened the case for constitutionality, the court based its favorable decision squarely on an interpretation of article II, section 1, which provides that "every citizen" having certain prescribed qualifications "shall be entitled to vote at such [any] election in the election district of which he or she shall at the time be a resident, and not elsewhere, for all officers that now are or hereafter may be elective by the people." In so doing it directly contradicted the reasoning of the Michigan and California courts, which ruled P. R. unconstitutional in the Kalamazoo and Sacramento cases[1] on similar wording, concurred in the interpretation of the Pennsylvania supreme court in a case on limited voting[2] and went beyond the favorable decision on P. R. in Ohio,[3] which was based primarily on city home rule.

"The main argument against the constitutionality of this chapter," says Judge Crane in his opinion, "has been that the proportional voting system permits the voter to select but one of the councilmen from his borough" although the voters of each of the boroughs except Richmond are to elect several councilmen together from the borough at large. Opponents argued that this was a violation of the right to vote "for all officers."

Discussing this objection Judge Crane says: "Assuming that the borough of Brooklyn is entitled to twelve councilmen, it is conceded by everybody that the borough could be divided into twelve districts and one councilman elected from each district. This would give Brooklyn twelve representatives in the council, and yet the people of Brooklyn had only voted for one out of the twelve. This is said to be legal, and this is the method insisted upon by the opponents of proportional voting. Remove the artificial lines creating the districts, and give Brooklyn the same twelve men in the council, it is said to be illegal if the people can only vote for one of the twelve. What is the magic in these artificial lines that creates such a difference in result with little or no difference in principle?"

The opinion goes on to point out that the purpose of the language in dispute was not to control election methods, so long as they treated all voters alike, but to remove certain property restrictions which had limited the rights of voters and limited them unequally up till the time when the language was adopted in 1821. It cites a long list of acts of the legislature which prescribed limited voting for various purposes, dating back to 1842, to show that the legislature did not think the constitution required giving the voter a right to vote for as many candidates for a particular office as were to be elected in his district. Limited voting "was carried on in the City of New York, first for supervisors and then for aldermen, for a continuous period of thirty years from 1857 to 1887 . . . and was never declared unconstitutional."

After disposing of the main objection Judge Crane continues:

> The other objections have to do with the manner of voting and of counting the ballots. . . . It is insisted that a voter must be given the right to have his vote counted at all times and under all conditions for the man he voted for as his first and only choice, irrespective of the fact that the man may have been elected before his ballot was reached; and secondly, that it is illegal to have the number of councilmen dependent upon the number of votes cast in the entire borough. In other words, *actual* representation according to numbers is illegal, although *unequal* representation according to unequal districts is legal. I cannot follow this reasoning.
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> We must always be careful in approaching a constitutional question dealing with principles of government, not to be influenced by old and familiar habits, or permit custom to warp our judgment. We must not shudder every time a change is proposed. Many times those who are strongest for efficiency in business are loudest in their protest against efficiency in government. At least this Hare sys-

[1] *Wattles ex rel. Johnson* v. *Upjohn*, 211 Mich. 514 and *People* v. *Elkus*, 59 Cal. App. 396.

[2] *Commonwealth ex rel. McCormick* v. *Reeder*, 171 Penn. St. 505.

[3] *Reutner* v. *City of Cleveland*, 107 Ohio St. 117 and *Hile v. City of Cleveland*, 107 Ohio St. 144.

tem of proportional voting is an attempt to make representative government a reality. It is common knowledge that many of our districts are so divided that equality of representation does not exist. This proposed system may be unworkable, it may be so cumbersome or so intricate as to be impracticable, the results desired may not be obtained, the remedy may be worse than the disease, but what have all these to do with the constitution? If the people of the City of New York want to try the system, make the experiment, and have voted to do so, we as a court should be very slow in determining that the act is unconstitutional until we can put our finger upon the very provisions of the constitution which prohibit it. It has been our repeated admonition that legislation should not be declared unconstitutional unless it clearly appears to be so; all doubts should be resolved in favor of the constitutionality of an act. This court has repeatedly stated that the wisdom of legislation is not for us to determine.

The Hare system of proportional voting has been used in Cincinnati, Toledo, Wheeling, Hamilton (Ohio), Boulder (Colorado), Winnipeg, Calgary, for the provincial legislatures of Manitoba and Alberta, in all elections in the Irish Free State, in the election of nine university members of the British House of Commons, in Australia, New Zealand, South Africa, and Denmark. This statement I take from the briefs, as it has not been questioned. We cannot say, therefore, that it is a mere dream or speculation. It has been used and found to work. Can the people of the City of New York under our constitution try it? That is the sole question.

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P. R. Now Optional for New York Counties.—As related in a last minute note on page 316 of the REVIEW for last month, Governor Lehman signed the Desmond-Mailler optional county government bill, which makes proportional representation available by petition and popular vote for all counties outside New York City, along with many other improvements in the structure and operating methods of counties and local government units within them. The bill passed both houses unanimously in the last two days of the session. It becomes chapter 862 of the New York laws of 1937 and establishes a new chapter of the consolidated laws, to be known as the optional county government law.

P. R. is made optional for county boards of supervisors in connection with any of the forms of government provided. The question of adopting P. R. may be submitted, either separately or with other changes in a single combined question, at any general election. The question may specify either a partisan or a nonpartisan ballot. In a county which has a city with more than a quarter of its population, that city and the rest of the county may be polled under P. R. as two separate districts; otherwise P. R. elections are to be held at large.

In a county which adopts P. R. the present arrangement of having town supervisors represent the towns on the county board will be discontinued. The town supervisors will continue as town administrators and the county supervisors will serve for county purposes only. City supervisors will be abolished, unless continued by city local law for city purposes.

The adoption of P. R. will carry with it the use of the corresponding Hare system of majority preferential voting, known as the alternative vote, for other county offices, thus eliminating all need of primaries for county elections.

One of the combinations available under the new law is the one recommended in the National Municipal League's model plan of county government, the county manager plan with a board elected by P. R. If this plan is adopted in standard form, supervisors and judges will be the only county officers elected at the polls. There are numerous optional variations.

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Pennsylvania Bills Fail Again.—The Pennsylvania legislature has adjourned once again without passing the bills to allow Philadelphia and Pittsburgh to vote on the adoption of the city manager plan with P. R.

The Philadelphia bill was sidetracked because of the appointment of a charter commission to draw up a plan for a consolidated government of the city and county of Philadelphia and report to the legislature not later than 1939. This commission will undoubtedly give P. R. and the manager plan serious consideration.

The Pittsburgh bill, after passing the house of representatives unanimously, was held in committee in the senate. Since both houses were under Democratic control, this action represented a change of heart on the part of

the Democratic leadership of Pittsburgh, which must assume full responsibility for the bill's defeat.

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The Last Spanish Election and the Civil War.[1]—General Franco's national government, in a manifesto advertised in the English press, claimed that although in the Spanish election the left gained a large majority in seats, nevertheless the right polled more votes than the left. It is instructive, and perhaps a warning, that an unfair system of election should have been put in the forefront of the justifications for the armed rebellion. The general election was certainly one of the events that led to the civil war. It is important to examine what took place, and not merely because of the historic consequences of the election. The facts have some bearing on the armistice proposals of the French and British governments; they may be of value in discussions on the future of government in Spain.

In considering the Spanish election two points should be borne in mind. First, the elections were not "made" by the present government; the prime minister was Senor Portela. Second, the method of election was not new; it was of old standing; its unfairness was understood; both parties, right and left, must bear the blame for maintaining it, for reform had been proposed; probably both preferred the gamble and the possibility of an overwhelming victory. In any case, the Spanish government, like the British government, was duly elected in accordance with the existing law, fair or unfair.

What then was the method of election? Each constituency returned several members but the electors were entitled to vote only for a limited number of candidates, that is, for less than the full number of members to be elected. Madrid elected seventeen and the electors were entitled to vote for thirteen; Barcelona elected twenty and the electors could vote for sixteen. The party or combination of parties which obtained a majority of the votes could in Madrid win thirteen seats and the largest minority, even if nearly equal to the majority, could win only four.

It was the method of election that gave birth to the popular front. The left parties knew that by presenting a joint list of candidates they might secure the special advantage which the law conferred upon a majority. Everywhere joint lists were arranged. In Madrid, the list of thirteen comprised five left Liberals (including Senor Azana), seven Socialists (including Senor Caballero) and one Communist. The Communists were allotted one candidate out of thirteen, an indication that they were, even in Madrid, a small party. The formation of a popular front led to the formation of lists of the right, combinations that included Conservatives of different types, Monarchist and Republican, and also, in a large number of districts, candidates belonging to center parties.

In Madrid the result, taking the votes polled by the highest candidate on each list, was as follows:

	Voters	Seats
Popular Front	225,442	13
Right Front	187,434	4

The popular front secured the great advantage which fell to the majority; in Barcelona, similarly, the popular front gained sixteen seats out of the twenty. There are no means of ascertaining the separate strengths of Liberals, Socialists, or Communists within the popular front, or of the diverse elements of the right combinations. In Catalonia, the right list was formed principally from the Catalan League; in the Basque area from the Basque Nationalists. There were in addition a considerable number of constituencies in which there were lists of candidates, center parties, which were not affiliated with the main groups.

The "definitive results" published in *El Sol* on March 3rd, 1936, gave fairly complete figures for the principal opposing lists, but for the reasons stated the votes for right and center cannot be shown separately. The election results for the country as a whole were in round figures as follows:

Party	Voters	Seats
Popular Front	4,540,000	265
[a]Right and Center	4,300,000	192

[a]Including Catalan League of the right with 400,000 votes.

The voting for the two groups was nearly equal. The Basque Nationalists, 130,000 in number, are also sometimes grouped with the right, but it seems that they should rather

[1]Reprinted from the *Manchester Guardian* for December 28, 1936.

be added to the left, since their leader has become a member of Caballero's government. On the other hand, the right total does not include any votes cast for candidates of the center who were presented in independent lists. These lists elected only seven deputies; for the most part the votes for these lists had no effective value. The full figures for the center parties are not available, but if they were it would be a moot point to which side, if any, they would belong, as center candidates were in some constituencies allied with the left and not with the right. The general conclusion on the figures available is that the two main parties or coalitions were very equally supported among the electorate, but that the balance was in favor of the left. Certainly, there was no majority for armed rebellion.

The facts which an analysis of the election discloses are of considerable importance. In the first place, Spain is neither Communist nor Fascist; these groups had but a few candidates; in a chamber of 473 members there were only fifteen Communists. Secondly, it seems clear both from this and from preceding elections that what Spain desired was a Republican government, a government of the left center. Thirdly, the electoral law of Spain promoted the artificial division of Spain into two mutually hostile political armies, and this gravely intensified the bitterness already existing between the various groups. The two-party system led, not to national government, but to civil war. Fourthly, the inclusion of Communists in the popular front, although they formed so small a part of it, has made possible the grossest misrepresentations both in Spain and in Great Britain of the popular front government. But it must be added that it would seem that the Communists have, since the election, exercised an influence more proportionate to their intensity than to their numbers.

Postscript. Election returns are sent to the secretariat of the Cortes, and, after the article above was written, a letter was received by the P. R. Society from Senor Herrero of the secretariat. This letter stated that as the parliament had been transferred to Valencia, the writer was unable to give full details, but that the totals were as follows:

Popular Front and Basque Nationalists	4,838,499 votes
Right Party Coalition	3,996,931 votes
Various Center Parties and Lists (including Senor Portela's)	449,320 votes

In these figures the Basque Nationalists are included with the left, and a somewhat larger majority is shown for the left than in the totals given in the foregoing article.

Whichever figures are taken, it is clear that both left and right had substantial support, nearly equal in amount. Both groups included much moderate opinion. These facts should be emphasized because they strengthen the grounds for mediation between the contending forces and for an armistice that would pave the way for a government acceptable to the great majority of the Spanish people, a government neither Fascist nor Communist.

JOHN H. HUMPHREYS, *Secretary*
British P. R. Society

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Hamilton County Taxpayers' League (Chattanooga, Tenn.).— Within the past eighteen months the Hamilton County Taxpayers' League has been instrumental in preparing and having passed by the city of Chattanooga a budget control ordinance, which, according to city officials, is proving to be very satisfactory. The first year of its operation finds every department of the city government finishing the fiscal year within its budget for the first time in many years. Mayor E. D. Bass, in a statement to the *Chattanooga Times* at the end of the city's fiscal year, said: "I consider the budget control ordinance highly beneficial. As an example, every department of the municipal government will finish the current fiscal year within its budget. All the departments had their budgets augmented by special appropriations as the needs arose, but at no time was any department permitted to incur obligations which were not backed up either by the original budget or special appropriations."

Within the past eighteen months the county court of Hamilton County proposed the issuance of over a million dollars in county bonds without a referendum in connection with cer-

tain PWA projects. Our league sponsored and presented, as provided by law, a petition signed by several thousand taxpayers and forced the county court to hold a referendum. Prior to the referendum, after exhaustive research, the league published and sent out to the citizens of the county a pamphlet entitled *Facts,* containing much matter pertinent to the issues involved in the referendum.

For the past year the league has been engaged in an effort to obtain from county officials a clear statement of the county's financial condition, insisting on a complete audit covering all funds rather than the statistical statement which has heretofore been issued.

In addition to the activities mentioned above the league has coöperated with various local and state organizations on problems of taxation and efficiency in government; the league's library and statistical matter have been made available to high school students and to students at the University of Chattanooga and the University of Tennessee in connection with their work in the science of government; and our officers and members have served on numerous committees of the chamber of commerce.

ANNE PRIGMORE, *Executive Secretary*

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Des Moines Bureau of Municipal Research.—The bureau was successful in its effort to secure state legislation which prohibits the city from including on the revenue side of its budget estimates of receipts from licenses and fees in excess of the amounts actually received from these sources during the previous twelve months. This piece of legislation also requires the city to allow 5 per cent for uncollectibles—the estimated normal delinquency. This measure should end the so-called miracle budgets.

The bureau was also successful in preventing the passage of the bill introduced by the city hall to legalize $112,000 worth of city warrants which had been held to be illegal by the state supreme court. Such legislation would have wiped out all the sting and stigma imposed on the former city council by the supreme court as a result of its gross overestimation of its income other than taxes in order to spend more money, which resulted in a $240,000 deficit in 1935. Some time, all or a part of these warrants will have to be repaid to bond and other funds which were "shorted" to pay them. But it was the contention of the bureau that this stigma should be allowed to remain for the time being at least as a lesson to the city council.

The bureau worked successfully for the passage of amendments to the city civil service bill. These amendments, on which the state fire and police associations and the bureau have worked for two years, should vastly improve our municipal service. They forbid any temporary appointments to a city position longer than ninety days without an examination. In the past many so-called temporary appointments have been made without examination and have lasted for years.

The bureau aided in the defeat of a measure which would have repealed the law drafted by the bureau some years ago which permitted an offset in moneys and credits tax on the real estate tax. At the present time in the city of Des Moines enough moneys and credits tax are collected to offset about a mill and a half in real estate taxes.

During the legislative session the bureau issued a number of bulletins analyzing bills dealing with taxes and governmental operations which were sent to local representatives. Partly by means of this information service, a number of measures which would have raised taxes were blocked.

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Ohio Institute.—For some years the institute has worked on plans for a better organization of county welfare activities.

Following a recommendation of the Ohio Government (Sherrill) Survey, Harry D. Silver of the governor's action committee sponsored a series of conferences composed of representatives of numerous statewide organizations. The institute furnished secretarial and drafting services and prepared a bill which embodied, as far as possible, the views of those participating. It provided for the establishment in each county of a welfare department consolidating all county welfare activities and institutions, excepting soldiers' relief and hospitals, under the general jurisdiction of the county commissioners. The bill did not affect cities or townships. Preparations were made for its introduction in the general assembly by the institute and dissemination of information on the bill through an issue of *The Ohio Citizen* and by direct contacts with other state-wide and local

groups. Some such measure, we believe, is bound to be enacted sooner or later.

The Ohio law enabling the state to receive federal funds for aid to needy children under the social security act was passed in April 1936, taking the place of the former mothers' pension law. Previously, all funds for mothers' pensions were provided by the counties from local taxation; henceforth counties will furnish approximately one-third of the money, the remainder coming from the state and federal governments. Counties received their first money under the new dispensation in July 1936.

For the administration of this new law and others, a new division of public assistance was set up by executive order in the state department of public welfare. The institute, which had drafted the law, was asked by the division to assist in getting the new program under way. A member of its staff arranged a series of district meetings covering all the counties of Ohio at which the provisions of the new law and the required procedure were fully explained. The institute also helped with the inauguration of records and reports, and the director became a member of the division's permanent advisory committee.

Civil Service.—One of the most fundamental of the recommendations of the Ohio Government Survey was that for reorganizing and strengthening the merit system in the state civil service. No argument is needed to show that the selection, utilization, and retention of competent personnel directly affects the functioning of all departments of public administration. The institute accordingly welcomed the opportunity of coöperating with the Ohio League of Women Voters in supporting such recommendations. A bill was prepared by the institute to reduce exemptions from the merit system in the state and county service. The bill, if enacted, would do away with many loopholes and would establish much greater stability in key positions. An increase in appropriations to the state civil service commission was advocated to enable a more adequate enforcement of the law. Study was also given by the institute to other legislative changes. The institute is assembling material to be utilized when conditions become favorable. Plans are under consideration for bringing about a concerted and aggressive support of the merit system by as many organizations as possible.

County Reorganization.—One of the principal measures on county reorganization prepared by the institute in 1935 was that authorizing various optional plans of county government, any one of which might be adopted in any county by vote of the people. This measure, however, failed to pass at that session. Following a meeting of those previously interested, held late in 1936, a committee of revision and drafting was appointed of which the director was secretary. The bill was partially revised in the hope of overcoming some of the difficulties encountered in the previous session of the legislature, the actual compilation and redrafting being performed by the institute. This undertaking was not completed until February 1937, when the revised bill was again introduced. It is believed that the bill is in some respects a stronger measure than before. No matter what the fate of the bill at the 1937 session, it presents a basic pattern which should be of substantial value whenever action is taken.

Elections.—Some years ago the institute called attention in several reports and bulletins to the high costs of elections in Ohio due largely to political control. Following the November election, the institute coöperated in the preparation of a bill to abolish the present politically dominated county boards of elections, substituting a supervisor of elections selected on a merit basis, and to place subordinate permanent employees in the classified civil service. While not entertaining any high hopes of its immediate enactment, the institute was willing to help make a start in the right direction.

Ohio Council on Public Welfare.—Following recommendations of the Association of Community Chests and Councils, a state council on public welfare was organized to serve as the means for developing state-wide agreement and concerted action in support of a constructive and long-range welfare program. The council is composed of a limited number of representatives, both official and unofficial, from each county and of representatives of state agencies concerned with welfare problems. The council is being built up gradually, as suitable representatives are found. The council requested the institute to act as its secretariat. During the year the council held

five meetings and the institute issued several bulletins for the council on the relief situation. A staff member of the institute has devoted a major portion of his time to council activities. Visits have been made to all of the larger communities and many of the smaller ones to secure interest and membership in the council. Speeches have been made before local and state-wide groups on the recommendations of the Sherrill survey, on the county welfare bill, and on the effects of the social security program under Ohio legislation.

The institute issued current bulletins for the council through the legislative session of 1937 on measures under consideration affecting relief, welfare, and social security. If adequately developed, the council will afford a very desirable channel through which the results of the institute's research can be made effective.

Ohio Probation Association.—One of the central factors in a progressive state penal system is the development of an adequate and effective state-wide system of probation and parole, applying to both adults and juveniles. The adult probation law passed in 1925 was prepared by the institute, but comparatively few counties have taken advantage of its permissive provisions. For several years past, the institute has furnished a considerable part of the time of one of its staff to serve as secretary of the Ohio Probation Association. During 1936 efforts of the association were largely responsible for convincing the governor that the bureau of juvenile research should be restored and maintained, though its appropriation was once cut off by governor's veto. Plans were also worked out and submitted to the state administration as to the organization and procedure that should govern the supervision over juveniles paroled from state institutions. This plan is now under consideration by the welfare department.

R. E. Miles, *Director*

OLD-AGE BENEFITS PROGRAM

(Continued from page 356)

workers in them but rather to the difficulty of working out the necessary administrative machinery for keeping account of their wage records. Failure to make provision for these wage earners is, however, a defect and one that may be remedied. Plans are being studied for extending the coverage of the act to a few of these groups, particularly farm labor and domestic service. It is not a simple problem. Although accurate wage records for such workers would be difficult to maintain, advocates of a plan to bring them into the program believe a method can be devised. Probably no one knows how many domestic servants there are or where they are working. The census figures relating to farm labor are also indefinite and, moreover, complicated by the question of the classification that should be given the migratory workers, the sharecropper, and even the tenant farmer. These figures, which were gathered in 1935, show that there were more than 2,865,000 tenant farmers and sharecroppers. The "hired help" on farms in January 1935, as reported by 967,593 farmers, amounted to 1,645,602 persons. It has been estimated that this number is perhaps more than three times as great in those periods when crops are being planted and harvested.

The old-age benefits program is not perfect, but it does represent a long step forward from the old and inadequate system, based upon the conception that relief and assistance to the destitute constitute the only answer to old-age dependency. Its administration is yet in its early stages. Such mistakes as may be made will be corrected. The method of financing the program, although it appears sound to many, is frankly criticized by a few of its friends. That is something that will be ironed out as time passes. The scope of the program is too restricted. It will be broadened. At present it is like an enormous machine only recently set in motion. It is in the shaking-down stage, but the testing has already been sufficient to show its general soundness, and as defects appear they will be corrected.

RECENT BOOKS REVIEWED

EDITED BY ELSIE S. PARKER

Government in Rural America. By Lane W. Lancaster. New York, D. Van Nostrand Company, Inc., 1937. 416 pp. $2.85.

This is distinctly the first book in the field of local government that recognizes the profound changes that are occurring in rural America and examines rural local government in the light of these changes. The approach of a stationary population, the contraction of the agricultural plant and the retirement of submarginal lands, and the fact that the farmers have become a minority group in the body politic all have profound implications for the future of rural local government. Even more significant is the steady transfusion of urban influences. The superficial differences between urban and rural people have within a generation rapidly disappeared and the urbanization of the rural population has, in the opinion of Mr. Lancaster, been accomplished very largely through the influence of the village. The villages of the United States, he says, offer a significant study in democratic government and supply a leaven which cannot fail to affect the character of the political process. Though rural-urban differences are in process of being obliterated, what has taken place as a social development has not been accompanied by corresponding political changes. The chief problems of rural government arise from the lag between the institutions created by the free activity of men in the social and economic spheres and those which depend upon the conscious action of legislators in the political sphere.

Among the problems growing out of this change is "the chaos of areas," the multiplicity of units. Their creation was natural and met a definite need; their perpetuation is unnatural and unnecessary. There is, for instance, not a function now performed by the township which could not be better performed by other units. And in fact it is being slowly starved to death.

In an excellent chapter on the conditions of rural administration, the author explains and illustrates how the quality of administration is conditioned by the desires, opinions, and background of the people concerned. For instance, approved personnel standards in public administration—professional training, security of tenure, and ascending levels of authority—are repugnant to a rural-minded electorate. It thinks of public office as "soft jobs" which should be "passed around." The conditions of life and labor in agricultural communities do not favor the development of specialized skill; "common sense" is a virtue highly prized; expertness, in some dimly felt way, connotes "uppishness" in its possessor.

Attention is properly given to state-local financial relations. The traditional system of taxation and administration in the United States was given its form when our society was overwhelmingly agrarian. It persists in an age when the creative forces in our national life are urban and industrial, but in the end these new forces will find political and administrative forms more consistent with their nature.

In another chapter is an excellent treatment of the problem of crime in rural areas. It is characterized by more or less frequent raids by the city trained professional criminal upon the countryside and by the progressive disintegration of those agencies which have long stood as barriers against forces making for delinquency.

Another field which received scant attention in the older texts on local government but here receives a treatment proportionate to its present major importance is that of relief and public welfare. The entrance of the federal government into this field on a vast scale is certain to bring about significant changes both in administration and in the financial responsibility of the local units of government.

In his final chapter Professor Lancaster outlines a program for the reconstruction of local government. In respect to county consolidation he concludes that "unless some authority exists with power to deal with the local government problem of the whole state, piecemeal consolidation would probably do more harm than good." Likewise, inter-county coöperation and city-county coöperation offer some advantages and promise some economies, but the multiplication of *ad hoc* districts only further complicates the administrative map. Again he questions the gains to be made through internal reorganization, such as centralized responsibility under a manager. Real progress, he concludes, can be made only through a more satisfactory distribution of functions between the two levels of government.

The author shows familiarity not only with the literature in the field of county and township government, of which there is now quite a considerable array, but with the best current thought in the fields of rural sociology, land utilization, and the rural field generally. He also displays an understanding of the *mores* of country and village people. With this background he has been able to give us an interpretation as well as description of government in rural America which is at once useful, interesting, and timely.

PAUL W. WAGER
University of North Carolina

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A History of American Political Thought from the Civil War to the World War. By Edward R. Lewis. New York, Macmillan Company, 1937. 361 pp. $5.00.

The first section of this book, which is not unlike a treatise on constitutional law, begins with the period immediately following the Civil War when the thirteenth, fourteenth, and fifteenth amendments to the constitution were the leading political questions of the day. These three amendments gave freedom to the Negroes and contemplated racial equality in suffrage and civil rights.

Mr. Lewis shows how the racial equality of the post-war period has today developed into a feeling that racial separation is essential and that the early drive to enforce the voting right of the Negro has largely disappeared.

The much debated due-process clause of the fourteenth amendment at the time the amendment was adopted "applied only to procedure," according to Mr. Lewis, and was not a restraint on the legislature. What the legislature enacted was the law of the land. It was not foreseen that this clause would be used to cover individual and corporation rights, the power of the state to regulate utilities, taxation, and the exercise of the police power of the states.

Mr. Lewis believes that the Supreme Court becomes a legislative body when it holds federal laws unconstitutional on the ground that police power has been exceeded by a statute. He concludes, however, that "most of us, after all, would prefer to see the power of the courts, both state and federal, remain as it is, believing that it is a wholesome restraint on vicious legislation." The debate over Theodore Roosevelt's proposal for the recall of judicial decisions is presented vividly.

In the second portion of the book there is a complete survey of the political, economic, and social issues agitating the country during the period from 1865 to 1917, except those issues relating to the Monroe Doctrine and imperialism. An outline is given of the Granger movement as well as the greenback and free silver movements. *Progress and Poverty* in which Henry George presented his social theories is discussed at length.

The programs of Bryan, Theodore Roosevelt, and Wilson are covered, along with the entire progressive movement. Mr. Lewis relates that William Allen White believed the difference between the philosophies of Roosevelt and Wilson was the difference between tweedle-dum and tweedle-dee. Both were aimed at retaining the private individualism of the country as opposed to socialism.

An appraisal of action in the fields of the direct primary, initiative, referendum, and recall and woman's suffrage is made, each a contribution to the history of the progressive movement. Mr. Lewis refutes the idea that

national prohibition was "put across" against the will of the people.

The author frequently adds his own comments and opinions to those of the scores of leaders whose thoughts, recorded in this volume, have most powerfully influenced in this country the trend of political action.

GEORGE METCALF

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Report of Investigation and Analysis of the Public Utilities Commission of Ohio. By Howell Wright for the Ohio Government Survey. Cleveland, 1936. 56 pp. mimeo. (Apply to Mr. Wright, 440 Leader Building, Cleveland.)

This comprehensive survey of the Ohio Public Utilities Commission, including its historical background, an appraisal of work accomplished, and recommendations as to improvements that should be effected, was prepared by Mr. Howell Wright, public utilities director of Cleveland under the city manager regime of William R. Hopkins.

The Public Utilities Commission of Ohio differs essentially from other state commissions in its jurisdiction over gas and electric utilities. Under their home rule charters Ohio cities are empowered to fix gas and electric rates by ordinance. Such rates, however, are subject to appeal to the state commission which then has the responsibility of fixing reasonable rates. Mr. Wright has found the work of the commission unsatisfactory from the public standpoint, his criticisms including inadequate personnel, low salaries, political appointments, and poor organization. Furthermore, he shows that the commission has become primarily a quasi-judicial body rather than one of fact-finding and administration to carry out positively the responsibility of fixing reasonable rates.

Mr. Wright recommends that the commission be made an administrative body in law and in practice, that membership be made a profession and not a political job, that terms of office be extended at least to eight years, that adequate salaries be paid, and that sufficient and competent personnel be provided to make the valuations and other studies necessary for proper and prompt rate determination. The commission should be required to discard as far as practicable ordinary legal procedure in rate hearings; it should arrive at tentative values and other rate factors through informal methods, should submit the provisional findings to all interested parties, and should undertake formal rate cases only upon protests filed by the parties. Mr. Wright calls for comprehensive revision of the law to make regulation effective and is opposed to piece-meal modification.

While his criticisms are valid and his proposals point in the right direction, the author fails to meet the vital defect of Ohio regulation which is the difficulty of repeated valuations. The commission would still have the legal duty to fix the "fair value" of the properties used in public service whenever it undertakes an adjustment of rates. Companies could still demand revaluations with each important change in rates and raise all the conflicts of interest normally encountered in rate cases.

While Mr. Wright may be pointing toward a fixed rate base, he does not recommend its establishment and so would leave the principal cause of controversy. So long as the commission is without positive and definite administrative measurements, the effectiveness of regulation in day-by-day administration cannot be greatly improved. Unless Mr. Wright goes the full length of establishing fixed rate bases which can be regularly administered through accounting and engineering procedure, he leaves regulation unwieldy and unsatisfactory from the public standpoint. This applies to Ohio and to all regulatory systems.

JOHN BAUER, *Director*
American Public Utilities Bureau

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Report to Mayor F. H. LaGuardia on the Work of the Department of Purchase, City of New York, for the Year 1936. By Russell Forbes, Commissioner of Purchase. New York, Department of Purchase, 1937. 112 pp.

The annual report of the department of purchase in New York City, submitted to Mayor LaGuardia on June 13th, indicates substantial advances in efficiency and in the saving of money for the city. The department is headed by Commissioner Russell Forbes, former secretary of the National Municipal League and a national authority on central purchasing.

Out of $24,500,000 of supplies, materials, and equipment purchased in 1936, about $5,000,000 worth was on open-market pur-

chases, representing a reduction as compared with contract purchasing. Progress was also made in the elimination of small orders in favor of bulk purchases. The number of departmental storehouses was reduced and their inventory was cut. Much more material was salvaged, sales of scrap, surplus, and obsolete materials amounting to $284,000 as against $26,000 in 1933. A concentrated study of the department and its relations to other agencies was made with the purpose and result of effecting improvements.

H. M. O.

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The Municipal Charter Problem in Florida. By American Municipal Association. Chicago, Public Administration Service, 1937. vi+21 pp. Fifty cents.

Prepared for the Florida Joint Legislative Committee and the Florida League of Municipalities. (See page 363 of this REVIEW, "Florida Considers Home Rule Amendment.")

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Chain Store Taxes. By Mabel L. Walker. New York, Tax Policy League, 1937. 30 pp. mimeo. Fifty cents.

Miss Walker presents here a timely analysis of chain store taxes which, since the recent U. S. Supreme Court decision on the Louisiana law, have been much in the public eye. The pamphlet contains numerous maps and tables, together with an up-to-date summary of existing legislation.

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Social Characteristics of Cities. A Basis for New Interpretations of the Role of the City in American Life. By William F. Ogburn. Chicago, International City Managers' Association, 1937. iv+70 pp. $1.00.

The chapters presented in this publication appeared during 1936 and early 1937 as a series of articles in *Public Management*, official journal of the International City Managers' Association.

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Bus Franchises. Franchise Taxes, Fees, and Licenses Levied by Municipalities Upon Privately-Operated Bus Companies. By American Municipal Association (Bulletin No. 1). Chicago, 1937. 8 pp. mimeo. Twenty-five cents. (Apply to Association.)

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EDITORIALS

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cities in the world have long voted under P. R. would of itself prove the ridiculousness of the claim. Are they more intelligent in Dublin, Cork, Winnipeg, Toledo, or Cincinnati than we in New York City?

Let us look at it in another way. First, from the point of view of the voter: the only change in his operation at the polls is that instead of marking a cross he marks the ballot with figures —1, 2, 3, etc.—in the order of his choice. It certainly does not require a high degree of literacy or intelligence to decide which of the candidates you like best, which you like second best, and so on. That is all the voter has to do.

The next step is to count the ballots. It is agreed that counting proportional representation ballots involves more routine than ordinary ballots require. But it must be remembered that the counting is not done by the illiterate or the ignoramus but by a corps of experts in election administration. And for that matter, even one expert would be enough because it does not require a high order of intelligence to sort ballots —there simply must be someone around who knows the rules laid down by law governing the sorting process.

Of course, it may be regarded as encouraging that opponents of proportional representation in New York City have been so driven to their corner as to take refuge in criticisms which are untenable. There seems little doubt that the most interesting test of proportional representation that has yet been made in America will come next November when it is used as the means of selecting the members of New York's new city council.